ELECTION *The economy the winner inherits* Page 9

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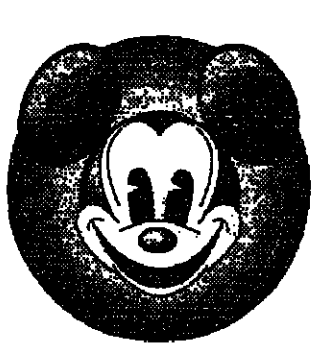

FINANCIAL TIMES

Friday April 10 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Skandia agrees to take over Danish insurer

Skandia, Sweden's leading insurance group, strengthened its regional position by taking over Hafnia, Denmark's second largest insurer. The agreement was a humiliation for Hafnia, which last December, together with Norway's Uni Storebrand, bought heavily into Skandia with the intention of establishing a major Nordic alliance. Page 19; Lex, Page 18

Noriega found guilty: A Miami court has found Manuel Noriega, the former Panamanian leader, guilty of drug and racketeering charges.

Fresh Yugoslav fighting: Fighting between Serbs, Moslems and Croats spread across Bosnia-Hercegovina, threatening to bring full-scale civil war to the latest Yugoslav state to gain independence. Eyewitness report, Page 18

Crédit Lyonnais doubles provisions: Crédit Lyonnais, one of the largest French banks, reported a fall in annual net profits – from FFr3.71bn ($660m) in 1990 to FFr3.16bn – after doubling its client risk provisions to FFr9.5bn. Page 19

Japanese cars: Japan has been asked by the European Commission to cut by 100,000 its export of cars to Europe from the 1.26m vehicles shipped last year. Page 3

German exchanges: Germany's regional stock exchanges agreed to join the Frankfurt bourse to create a central stock exchange holding company. Page 19

Black Sea fleet: Ukraine and Russia suspended their claims to the Black Sea fleet after agreement between Ukrainian president Leonid Kravchuk and Boris Yeltsin. Page 18

Tsongas clears way for Clinton:

Paul Tsongas, the former senator from Massachusetts, announced he would not revive his bid for the White House, virtually handing the Democratic party's presidential nomination to Governor Bill Clinton. Although he did not campaign, Mr Tsongas collected 29 per cent of the vote in the New York primary, prompting him to consider relaunching his campaign. Page 5

Midland deal queried: China questioned the financial soundness of Hongkong and Shanghai Bank's proposed takeover of Midland Bank, calling Midland the worst UK clearing bank. Page 19

SA miners' demands: South African miners are demanding a 20 per cent wage increase fro gold miners and a 55 per cent rise for coal miners, apparently backing away from the performance bonus deal negotiated last year. Page 4

Nigerian visit: President F.W. de Klerk arrived in Nigeria at the start of an official visit, signalling a major breakthrough in South Africa's contacts with black Africa. Nigerians roll out red carpet, Page 4

Total, world's eighth-largest oil group, attributed a 42 per cent rise in annual profits to a sharp recovery in refining and chemicals. Page 20

East German economy: The Bundesbank warned that economic recovery in east Germany could be delayed if Bonn played too interventionist a role in the region's industry. Page 2

American Airlines, one of the three largest US airlines, will overhaul its domestic fare structure by introducing four principal fare classes and ending corporate discounts. Page 23

Spanish protest: Spanish farmers blocked roads and overturned vehicles in a nationwide day of protest against what they see as Madrid's reluctance to fight for EC aid for its poor farmers.

Polish struggle: Poland's first civilian defence minister offered to resign, bringing to a head a power struggle over control of the armed forces between President Lech Walesa and the government. Page 2

Khmer Rouge warned: The head of the UN mission in Cambodia threatened to report Khmer Rouge guerrillas to the Security Council unless they allowed international peacekeepers into zones under their control. Page 4

ERM table: A full set of parities for the exchange rate mechanism of the European Monetary System after the admission of the Portuguese escudo is published in today's FT. The table includes the rates at which central banks are committed to buy and sell every other currency in the system, together with the bilateral central rates. Page 24

The Markets

STOCK INDICES

FT-SE 100:	2,436.4	(+43.2)
Yield	5.00	
FT-SE Eurotrack 100	1,140.98	(−2.47)
FT-A All Share	1,163.91	(+1.7)
Nikkei	16,598.15	(−577.38)
New York lunchtime		
Dow Jones Ind Ave	3,212.88	(+31.53)
S&P Composite	399.13	(+4.83)

US LUNCHTIME RATES

Federal Funds	3¾%
3-mo Treas Bills: Yld	3.725%
Long Bond	101⅛
Yield	7.857%

LONDON MONEY

3-mo Interbank	10⅝%	(10⅞%)
Liffe long gilt future:	Jun 95⅛	(Jun 94⅞)

NORTH SEA OIL (Argus)

Brent 15-day	$18.925	(19.1)

Gold

New York Comex	$339.5	(337.9)
London	$338.7	(338.55)

STERLING

New York lunchtime:		
$	1.765	
London:		
$	1.7685	(1.749)
DM	2.8575	(2.8425)
FFr	9.6075	(9.6275)
SFr	2.626	(2.6075)
Y	233.5	(231.75)
£ Index	90.3	(90.1)

DOLLAR

New York lunchtime:		
DM	1.6196	
FFr	5.4875	
SFr	1.498	
Y	132.25	
London:		
DM	1.616	(1.6256)
FFr	5.49	(5.505)
SFr	1.4865	(1.4915)
Y	132.15	(132.55)
$ Index	64.5	(64.3)

Tokyo close Y 132.7

Austria	Sch30	Hungary	Ft162	Malta	Lm0.60	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs30	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.60	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L8000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

FINANCIAL TIMES © No 31,732 Week No 15

Wall Street takes heart from easier borrowing but Japanese shares plunge further

Fed eases rates to boost US recovery

By Michael Prowse in Washington and Stefan Wagstyl in Tokyo

THE US FEDERAL Reserve cut interest rates yesterday in an attempt to sustain the momentum of a weak economic recovery and prevent sharp falls in share prices in Japan from undermining confidence in US financial markets.

The US central bank signalled a quarter-point cut to 3.75 per cent in the key federal funds rate – the rate at which banks borrow from each other. It was the first change since late December when the Fed cut the discount rate by a full point to 3.5 per cent.

The move took Wall Street by surprise and prompted immediate gains in share and bond prices. The Dow Jones Industrial Average was up 32.65 at 3,214.00 by early afternoon, partially reversing sharp falls earlier this week. The benchmark 30-year long bond also rose sharply, pushing the yield down to 7.85 per cent.

Earlier yesterday, the Japanese stock market fell for the fourth successive day, taking the Nikkei average below the 17,000 level and raising renewed fears about the soundness of Japanese financial companies. The Nikkei fell 577.38 to 16,598.15, the lowest level since late 1986.

Mr Tsutomo Hata, Japan's finance minister, said there was no need for concern about the financial health of Japanese banks, adding that there were signs "that lost confidence in the stock market will be regained."

Wednesday's nervousness on European stock markets steadied yesterday ahead of the news from the US. While London was preoccupied with the general election, some other European bourses managed to regain lost ground.

The quarter-point cut in Fed funds was not seen as big enough to prompt significant reductions in the cost of borrowing for US consumers and businesses. It may therefore spur speculation that the Fed will cut the discount rate again if the economy does not show greater vitality.

The move followed further evidence yesterday that inflation was well under control. The producer price index rose 0.2 per cent last month and by only 0.9 per cent in the year to March.

The easing of policy reflects growing apprehension about the momentum of the US economy. Employment figures for March released last week showed a gain of only 19,000, raising doubts about the sustainability of a recent rise in retail spending.

The Fed has also been embarrassed by a sharp slowdown of monetary growth in recent weeks. M2, the main targeted measure of money, is just above the lower limit of its 2.5 to 6.5 per cent target range.

In Tokyo, shares had held their ground for most of the day, prompting hopes that the latest plunge in prices was over. But in the last hour the market was hit with sell orders related to computer-driven, futures-linked trading. Turnover totalled a moderate 350m shares.

Investors remain very gloomy. Mr Yukio Takayama, senior managing director of the Sakura Research Institute, an affiliate of Sakura Bank, said the Nikkei might dive to 15,000 or even lower. He was concerned that foreign investors might abandon the Japanese market.

Investors, both foreign and Japanese, are disappointed with the the modest level of the authorities' actions last week when the Bank of Japan cut the Official Discount Rate by 0.75 percentage points to 3.75 per cent.

Fed determination, Page 5
Global shock waves, Page 16
Lex, Page 18; World stockmarkets, Back Page, Section II

Pictures: Trevor Humphries, Ashley Ashwood and Tony Andrews

Moment of truth: leaders of Britain's three main rival political parties, Conservative prime minister John Major (above), Liberal Democrat Paddy Ashdown (right) and Labour's Neil Kinnock (below) vote with their wives in yesterday's general election

Setback for Bonn's hopes of peaceful pay round settlement

By Christopher Parkes in Bonn

GERMAN government hopes for a peaceful pay round and spending restraint suffered a setback yesterday as employers rejected an arbitration proposal for a 5.4 per cent wage rise for west Germany's 3m public sector workers.

Mr Rudolf Seiters, the interior minister responsible for federal and local government wage policy, was joined by private sector employers and other government politicians in a chorus of protest.

"The arbitrators' suggestion fails to take account of current economic conditions and therefore cannot be a basis for agreement," Mr Seiters said.

Mr Hermann-Otto Solms, leader of the Free Democrat parliamentary group, said the offer was not acceptable. It would cost federal and state budgets an additional DM20bn ($12.1bn) a year, he claimed.

The non-binding proposal, put forward after a seven to six vote in favour, included extra payments totalling DM750 a head. The employers' final offer in the six-day conciliation talks consisted of 5 per cent from April plus DM400 back-pay.

"Anyone who thinks that is too little must go on strike," said Mr Friedrich Zimmermann, the

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Sterling, gilts and shares up sharply as UK goes to polls

By Peter Marsh and Richard Evans in London

SHARES, government gilt-edged securities and sterling all rose sharply yesterday in London, as investors were cheered by opinion polls indicating a last-minute surge in support for the ruling Conservative party in the British general election.

Fine weather across the UK promised a high turnout in the closest contest for nearly two decades. The Conservatives were seeking an unprecedented fourth term in office and Labour was anxious to regain power after 13 years in opposition.

Mr John Major, Conservative prime minister, and Mr Neil Kinnock, Labour's leader, both maintained their confidence that victory was just hours away.

As voting took place, financial markets reasoned that a Conservative defeat was not a foregone conclusion, in spite of opinion polls for most of the campaign which pointed either to a Labour victory or a hung parliament – one in which no party has an absolute majority of seats.

Trading in most markets was thin, however, indicating extreme caution about efforts to predict the election outcome.

On the London stock market, the FT-SE 100 index rose by 43.2 to close at 2,436.4, while gilts saw a half-point gain. Investors bought the pound in place of the D-Mark and other currencies, on the basis that whichever government is elected is unlikely to devalue sterling.

The fine balance between the parties was shown by estimates from bookmakers that of the £7m ($12.2m) bet on the election, 45 per cent had gone on a Labour victory, and 45 per cent on a Conservative win. Many of the bets reflected expectations of a hung parliament.

The fine weather, which brought early voters out in high numbers, is traditionally believed to favour Labour, but there is little hard evidence for this. Turnout in the last general election in 1987, when Mrs Margaret Thatcher gained a Conservative majority of 100 seats, was just over 75 per cent.

Mr Major turned out to vote in his Huntingdon constituency and declared confidently: "I'm feeling lucky." He said he had consistently believed the Conservatives were going to win, "and I am not

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Yeltsin to pay a price for support of deputies

By John Lloyd in Moscow

MR BORIS Yeltsin, the Russian president, today faces a resolution in the Congress of People's Deputies condemning the economic policy of his government and demanding changes in the memorandum on reform it has already thrashed out with the International Monetary Fund.

Mr Yeltsin, who has sat stony faced through a barrage of criticism bordering on insults for the past two days, said yesterday he may choose to speak today in reply – though he that added he may give his response "after the Congress", implying he might, if he feels too hemmed in by the deputies, carry the fight outside and appeal to the population at large.

However, the resolution which the parliament's editorial commission has wrangled over for a day-and-a-half now has no clause demanding Mr Yeltsin's surrender of his extraordinary powers, or of his position as head of the government. Mr Andrei Nechaev, the economics minister, said after the Congress session last night that "this is the very most we could accept: any more and we would have to resign."

The price, however, of the government's staying in power – though it is not yet completely certain that it is safe – is high.

The resolution calls for Mr Yeltsin to present a law on a new government to parliament in a month's time – a demand which allows the government room to manoeuvre.

However, it foreshadows the eventual stripping from Mr Yeltsin of his special powers to bring in laws by decree and to monopolise the appointment of ministers.

At the same time, further concessions will be made from an already grossly strained budget.

Mr Yegor Gaidar, the first deputy prime minister, gave a short and well received speech of controlled passion, in which he told the deputies that the government would delay the energy price rises (set for June) and instead raise prices by stages, would raise pension and social security benefits and lower taxes. He claimed that the budget deficit had been kept to 1.5 per cent of the gross domestic product in the first quarter of the year – a figure much lower than that calculated by foreign economists.

"If this is failure, I do not know what success is," said Mr Gaidar.

However, he added: "Maybe the government made a mistake in creating an image of a technocratic government".

The final clause in the resolution says that "the congress states to the world community its decisive and firm intention to continue the policy of economic reform".

But it adds that that specific corrections must be made in the programme submitted by the government to the IMF, and that a parliamentary delegation would meet IMF representatives to clarify their position on the economy.

Congress trembles before a president of the people

By John Lloyd

THE Russian Congress, which today enters its fifth hectic day, has trembled before the prospect of directly challenging Mr Boris Yeltsin, the Russian president.

It has wounded in its rhetoric, and forced Mr Yeltsin to defend economic reform personally, but it has not yet dared to strike.

It has become plain that the conservative forces in the parliament are stronger than at first supposed. Of more than 1,000 deputies, 653 are described as against the government, 483 of these being radicals. A further 266 are "only partial supporters," while the core supporters number only 136.

This arithmetic has forced retreat on the central issue of economic reform. Mr Yegor Gaidar, the first deputy prime minister, yesterday told the deputies the government would further soften its position.

Further ministerial sacrifices have been prepared, and may have to be made. In turn, a resolution calling for Mr Yeltsin's resignation from his post as prime minister had been softened to one of condemnation of the government's economic course.

How far that course will now be trimmed, and under whose effective command, is unclear; how the government can continue to fund and increase programmes and subsidies which are already breaking the budget is more clear, since the only resort possible is to print money.

The view yesterday was that the government and reform would survive, but badly weakened.

The second big issue is the constitution, which could come up at the congress this weekend with a still more dramatic denouement. There are three drafts : the official one, put out by the constitutional commission of the parliament under Mr Oleg Rumyantsev, social democrat leader; the "parliamentary" variant, drawn up by Mr Anatoly Sobchak, mayor of St Petersburg; and the "presidential" version, drawn up by Mr Sergei Shakhrai, the president's legal adviser.

The central issue is how much power they give the president and parliament: Mr Shakhrai's gives the most, Mr Sobchak's probably the least. Mr Yeltsin has it in mind to dissolve parliament and seek a referendum vote of confidence if the presidential version fails.

Here the lines are less clear: radical democrats and extreme nationalists and communists (the last two having made a pact) are united in their dislike of the presidential version. The constitutional commission's draft attracts much criticism for its vagueness. And Mr Sobchak's plan, which would reorganise Russia into new administrative units overriding the present republican and district divisions which are a legacy of the Soviet system, appears to have little support. It is possible that none will attract the required two-thirds majority. Mr Yeltsin's position would be unchanged but he would lack the constitutional support for his temporary extraordinary powers.

The atmosphere is tense and laden, the debate at times harsh and extreme. Mr Yeltsin is not by nature a compromiser. Efforts by centrist deputies to get him to bend a little have met with a grudging response, and at any moment he may choose to pull out of a forum he regards as invalid and appeal to the people.

Minister offers to quit in clash with Walesa

By Christopher Bobinski in Warsaw

POLAND'S first civilian defence minister yesterday offered to resign, bringing to a head a power tussle between President Lech Walesa and the government over who controls the 300,000-strong armed forces.

Mr Jan Parys, who became minister in January, has been sent on two weeks' holiday in an attempt by Mr Jan Olszewski, the prime minister, to defuse the row. This followed an accusation by Mr Parys that attempts had recently been made "to overthrow democracy with the aid of the army".

He was referring to meetings between members of President Walesa's staff and senior army officers at which the officers were told that Mr Parys was likely to be dismissed and were promised promotion once this had happened.

The Polish president yesterday said he had asked Mr Olszewski to dismiss Mr Parys about 10 days ago.

At the same time, he confirmed a report that his staff were working on contingency plans to impose martial law. He described the plans as "routine" and said "the president must have lots of solutions at his disposal but he doesn't have to resort to them".

The increasing mistrust between Mr Walesa and Mr Parys arises out of a lack of clarity in Poland's constitution over who controls the armed forces. It is a highly sensitive issue in a country where the last attempt at parliamentary democracy was curtailed by an army coup in 1926.

Under the 1989 constitution – tailored to suit communist President Wojciech Jaruzelski – special responsibility for foreign policy, defence and internal affairs lies with the president. However the relevant ministers are cabinet members and answerable to the prime minister.

Since his appointment, Mr Parys, 41, has moved quickly to exert control over the army, retiring his predecessor, Admiral Piotr Kolodziejczyk, whom Mr Walesa had wanted to be commander of the armed forces.

He also removed several senior officers who had Warsaw Pact connections, but with whom Mr Walesa was happy. In addition, he made new appointments without consulting the president.

Mr Walesa said yesterday there had "been too many conflicts" between him and Mr Parys. He said that until the issue of control over the armed forces was settled by new laws he needed to be able to have a working relationship with the defence minister.

There have also been differences between the president's staff and Mr Parys over the size of the armed forces.

Mr Olszewski is trying to avoid becoming embroiled in the dispute. But if he accepts Mr Parys' resignation, it will have to be referred to parliament, opening the rift between Mr Walesa and Mr Olszewski's minister to full political scrutiny.

Field Marshal Sir Richard Vincent (left) pictured in Brussels yesterday with US General Colin Powell. Earlier, Britain's chief of defence staff was elected chairman of Nato's military committee, the alliance's most senior military position.

Bundesbank warns on state aid for east

By Andrew Fisher in Frankfurt

ECONOMIC recovery in east Germany could be held up considerably if Bonn plays too interventionist a role in the region's industry, the Bundesbank warns in its annual report released yesterday.

The central bank also repeats its concern that the value of the D-Mark, as well as German economic growth and employment, was at risk from inflation and the weak state of foreign economies.

The bank made clear it had no intention yet of relaxing monetary policy. It said consumer prices last year rose at their steepest rate since 1983. Interest rates reached a post-war high in December.

While the annual inflation rate in March was more than 4.5 per cent, the strength of demand in the construction sector had pushed up building prices by 7 per cent. The bank repeated its warnings about high wage increases, saying these would endanger stability.

On east Germany, the Bundesbank opposed any attempt at "industrial policy", saying: "This could delay the necessary economic restructuring and increase the risk that east Germany would remain an economically weak region for a long time."

The Bundesbank's view highlights a central dilemma of policy towards east Germany. The government wants to avoid social unrest by keeping as many people in work as possible, but also sees the need for a full-scale overhaul of industry there. Thus uncompetitive sectors like shipbuilding and chemicals are being supported in the hope of eventual recovery after costly restructuring.

In this context, the Bundesbank again stressed the need to bring down state borrowing and budget deficits, which have shot up as a result of unification. Germany's public finances could be burdened too much if transfer payments to east Germany – likely to total DM180bn ($109bn) – continue to be high while more financial help is also required for eastern Europe and EC financial demands increase.

Germany in transport overhaul

GERMANY plans to spend DM490bn ($296bn) to improve its transport network, particularly in the east, over the next 20 years, Reuter reports from Bonn.

The transport minister, Mr Günther Krause, said this included DM222bn on expanding the road and rail network and DM192bn on maintenance. Local roads and public transport would receive aid of DM76bn. A main priority under the plan is to finish linking western Germany with the east, where the motorways are comparatively poor.

Railway tracks, like the streets in the east, are crumbling and force trains to move at times at half the speed or less of the west's modern express trains.

Polish transport in tax battle

Poland's state-owned railways and airline are resisting moves by Mr Andrzej Olechowski, the finance minister, to put them into receivership because they have been failing to keep up with tax payments, writes Christopher Bobinski in Warsaw. Mr Olechowski wants to use receivership as a way of getting control of the two loss-making companies and replacing their senior management.

Bankruptcy in Hungary rises

Hungarian officials have reported that 40-45 per cent of industrial companies under direct state authority are facing bankruptcy, writes Nicholas Denton in Budapest.

After two years of deepening recession, the grim economic picture has come to light as the result of a new law forcing companies to admit their insolvency. Nearly 100 companies a day filed for protection from creditors in Budapest alone under the pressure of a deadline set for this week by the 1992 Bankruptcy Act.

Portugal's new bank chief

The former Portuguese finance minister, Mr Miguel Beleza, is to become governor of the Bank of Portugal, Reuter reports from Lisbon.

He replaces Mr Jose Tavares Moreira, who had favoured delaying entry to the European Monetary System's exchange rate mechanism – announced last week – until Portuguese inflation was nearer the EC average.

Heart surgeon as president

Mr Sali Berisha, leader of the Albanian Democratic Party, was elected the first non-communist president by parliament yesterday, Reuter reports from Tirana. Mr Berisha, 47, a heart surgeon, was the only candidate for the post vacated by the resignation of former communist, Mr Ramiz Alia.

Italians urged to embrace reform of electoral system

By Robert Graham in Rome

MR Mario Segni, the leading reformist politician in the Christian Democrat party, yesterday offered to head a transitional government to carry out institutional and electoral reforms.

"I am ready, if the moment comes, to head a government that leads Italy towards a new political system, which is the sole alternative to chaos and disintegration," Mr Segni said yesterday.

This is the first concrete proposal to resolve the confusion created by Sunday's election, which led to unprecedented fragmentation of the political parties and ended the long-running hegemony of the Christian Democrats.

Mr Segni, 52, son of a former president of the republic, has been the key figure behind a cross-party movement committed to using the referendum as a tool of reform. He organised last June's referendum abolishing the system of multi-preference voting and has two other referendums being considered by the courts to reform the voting system for the senate.

Mr Segni's initiative yesterday was taken without consulting Mr Arnaldo Forlani, the Christian Democrat party secretary. In so doing he is pressing for a change in the discredited party hierarchy and staking his claim as the leading figure among the younger generation.

Mr Segni's position was strengthened by the good showing of the Christian Democrat vote in his home territory of Sardinia (it fell less than 1 per cent, against 5 per cent nationally) and the presence of 152 deputies and senators in the new parliament who had agreed in advance to back his pact for electoral reform via the referendum.

The next government, he said, had to be formed quickly and should have four priorities: electoral reform moving towards a first-past-the-post system; dismantling the party's control over the state apparatus, starting with local health services and including television; a tough economic austerity programme and drastic measures to combat corruption; an emergency plan to fight organised crime, especially in the south.

"I am thinking of a government which manages the transition towards a different system: a government with limited objectives and limited in duration, run by people whose selection must be based solely on their competence," he said.

By throwing his hat into the ring, Mr Segni risks dividing the Christian Democrats into the old guard and the reformers. But he is one of the party's few credible political figures and could find cross-party support, especially if the Party of the Democratic Left (PDS) were to support him. At the moment the PDS, which groups the bulk of the former Communist party, has been spurning sudden post-electoral advances from both the Christian Democrats and the Socialists.

French court issues warrant for Médecin

By William Dawkins in Paris

A FRENCH court yesterday issued an international arrest warrant for Mr Jacques Médecin, the former mayor of the Riviera resort of Nice, who fled to Uruguay 18 months ago to escape prosecution for fraud.

The warrant, over alleged embezzlement of city funds, comes two months after Mr Médecin was sentenced in his absence to a year's imprisonment and a FFr2.5m ($453,000) fine for misusing public money. He still faces charges over four other fraud and financial corruption allegations.

Formerly one of southern France's most influential local politicians, the right-wing Mr Médecin now sells T-shirts in Punta del Este and has had his luxury villa near Nice confiscated to pay back-taxes.

Yesterday's move also increases the pace in a general crackdown on financial corruption in politics, enthusiastically taken up by Mr Pierre Bérégovoy, the new prime minister. He made a stir on Wednesday during his maiden prime ministerial address, by brandishing in parliament a list of alleged offenders.

Several MPs, outraged at the apparent threat, left the chamber, though Mr Bérégovoy later said no MPs were on the list.

At the same time, a number of legal actions against party financial corruption are coming to a head. In the past month, charges have been laid against Mr Géard Monate and Mr Michel Reyt, the heads of two consultancies accused of having used illicit methods to raise funds for the ruling Socialist party.

Opposition parties are also implicated in other investigations stretching back several years.

Yesterday's warrant, issued by the Grenoble prosecutor's chamber, concerns FFr2.2m found missing from a city-funded group established to promote Nice opera house. As a next step, the French authorities are expected to ask Uruguay to extradite Mr Médecin. Technically, Uruguay can refuse because it has no extradition accord with France, so the outcome hangs on diplomatic contacts.

Despite his exile, Mr Médecin still exerts strong indirect influence on politics in the region of Provence Alpes Côte d'Azur. He has lent his support to the extreme-right-wing National Front (FN), which emerged as the second most powerful party there in last month's regional election. Mr Médecin's eldest daughter joined the FN's list in the election, but failed to win a seat.

Médecin: Fled to Uruguay to escape prosecution for fraud

Demirel attempts to negotiate the Kurdish labyrinth

An economic and human rights plan, says **John Murray Brown**, has put reform back on to Turkey's political agenda

IT WAS ALWAYS going to be difficult to argue the case for reform after the recent bloodshed in Turkey's Kurdish region. But Turkish Prime Minister Suleyman Demirel's bold pitch in introducing an economic package for the region and submitting human-rights legislation to parliament has taken even his closest supporters by surprise.

Incensed perhaps by the criticism from Germany, the European Community and now by the Social Democrats within his own conservative-led coalition, the veteran Turkish politician has seized the initiative to put Kurdish reform back onto the political agenda.

The government can breathe more easily on the military front, having thwarted the threat of a general Kurdish insurrection and drawn the sting of the Kurdish Workers Party (PKK), even though the military gains may prove harder to translate into political advantage. The prime minister can also point to some other achievements: two Kurdish-language newspapers have been established and a private Kurdish cultural centre is being started. Even the possibility of a Kurdish political party, another long-held taboo, is now being discussed at the national level.

Nevertheless, many of Turkey's 10m Kurds remain disillusioned with Ankara's politicians, the resentment exacerbated by what has been the security forces' increasingly harsh counter-insurgency tactics. The latest violence, with more than 100 people killed following demonstrations to mark the Kurdish new year, has merely played into rebel hands.

Mr Demirel may now even find himself charged with caving in to PKK pressure: by seeking social and political answers to the problem he is challenging the hard-line view that only a military solution can bring peace. General Dogan Gures, chief of the general staff, only last week repeated his threat to crush the PKK, whose eight-year campaign for Kurdish independence has claimed more than 3,000 lives. There have been renewed air attacks on alleged rebel targets in North Iraq, underlining the government's claim that the PKK represents an external threat, despite the growing evidence that it is taking root inside Turkey.

Mr Demirel seems obliged to endorse his military publicly and has launched an unusually forthright attack on the PKK's Syrian backers. He is planning to send his interior minister, Mr Ismet Sezgin, to Damascus next week to reiterate Turkey's concern at what it sees as Syrian complicity.

However, Mr Demirel's real fear is probably closer to home, with the prospect of a racial backlash by ethnic Turks growing every day. Turkish newspapers have become almost ghoulish in their profiles of the young conscript casualties in the Kurdish east, bringing home to many Turks a conflict which had until recently seemed quite remote. In some provincial cities, Turkish businessmen already are refusing to employ ethnic Kurds.

Against this background, Mr Demirel's forthcoming submission of his programme to parliament will be a difficult balancing act. This will be made more so by the weak coalition between his True Path party and the Social Democratic Populists (SHP). The coalition has insufficient support to throw out the military's 1982 constitution, which many government officials still maintain is at the root of the Kurdish problem.

Moreover, 16 of the 22 radical Kurdish deputies have resigned from the coalition. While few Turks regret the departure of the Kurds' combative and often-disputatious parliamentary performance, Mr Demirel has lost a potential channel for negotiations with the guerrillas.

All hopes are resting with Mr Demeral's human-rights legislation, which was approved last week by the justice ministry. The proposals envisage changes in the criminal procedure code, particularly on police conduct during the period of arrest and interrogation. The aim is to reduce detention periods, provide suspects with access to legal counsel and thereby stamp out torture.

In an interview last week in the nationalist daily newspaper Hurriyet, Mr Demirel also unveiled spending plans to introduce financial support for free health care in the Kurdish region and for its unemployed. The measures may well seem modest but, taken together with the human rights legislation, they represent the first concrete measures in what is expected to be a major political initiative to address Kurdish problem.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

NEWS: WORLD TRADE

EC asks Japan to cut exports of cars by 100,000

By David Buchan in Brussels and Robert Thomson in Tokyo

THE European Commission has asked Japan to export 100,000 fewer cars this year than the 1.26m vehicles it shipped to the Community last year, because of the downturn in EC, particularly German, demand.

But EC-Japanese talks in Brussels this week ended inconclusively, with Japanese officials declining to accept the Commission's estimate of reduced demand.

Further discussions are expected, perhaps in the margin of the visit that Mr Frans Andriessen, the external affairs commissioner, is due to make on business connected with the General Agreement on Tariffs and Trade to Tokyo in late April.

Last year's EC-Japan agreement on freeing the Community car market over the 1993-99 period sets no ceiling on Japanese imports into the EC for 1991, or indeed any year in the transition period, except its very end. The agreement *simply "forecasts" that Japanese* exports to the EC in 1999 will be 1.23m, assuming total Community demand in the previous year of 15.1m cars.

The Commission is not on very strong ground in seeking a cut in Japanese imports for this year.

In Tokyo, Japan's ministry of international trade and industry (Miti) said that another round of discussions with EC representatives was likely early next month, and that the outstanding problem was an agreement on an EC estimate of likely car sales within the Community this year.

A senior Miti official said the "monitoring" agreement with the EC was unlike the self-imposed ceiling set in 1981 for car exports to the US. That ceiling was lowered from 2.3m vehicles to 1.65m for the fiscal year beginning this month, as a response to increasing criticism from the US car industry.

"In the case of the US, there is a government limit, but there is no specific obligation in the case of the EC. We have agreed to monitor those exports, but there is no legal requirement. What we do is consult with our industry," the Miti official said.

"We haven't stopped negotiating with the EC. They feel *that car sales will fall this* year, and that the export level should be less than last year's 1.26m vehicles. But it seems that they are not sure how much car sales will fall."

US under attack by Brussels

By David Buchan in Brussels

THE EC yesterday delivered its annual broadside on US barriers to trade in a report that particularly targets Washington's "increasing tendency" to undermine the Gatt world trading system with unilateral or bilateral solutions.

In addition to the "Super 301" provisions of US trade law, often used to trigger unilateral retaliatory action, Washington is tending to reach bilateral deals with Japan, Korea and China, to the detriment of third countries, as well as trying to extend extra-territorial legislation to others.

As a result of last year's amendments to its Marine Mammal Protection act, the US is boycotting tuna from Mexico and Venezuela for failing to keep dolphins out of their nets, and threatening to extend a secondary boycott to all countries, including the EC, which do not also ban their tuna.

However, *the EC executive* was also careful to point out that bilateral trade flows between the US and EC still run at about $190bn a year, and to laud the benefits of recently increased dialogue.

Unfinished business over EC bananas

The quota deal could cause some problems with Gatt, **David Gardner** reports

THIS week's apparent resolution of the EC's banana conundrum has the look of unfinished business about it.

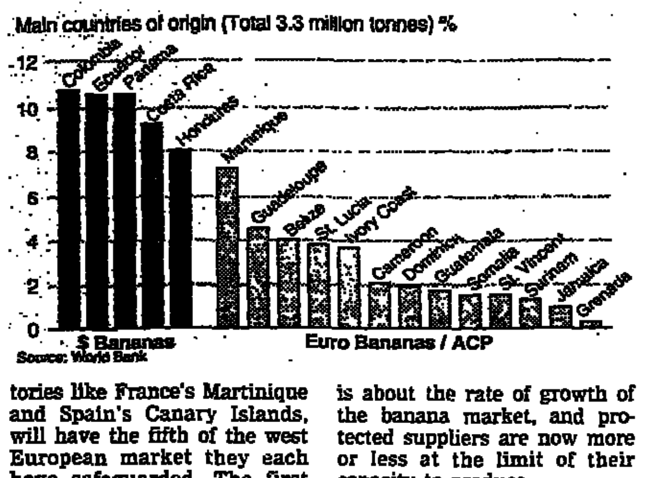
The European Commission's decision to set a quota on banana imports from Latin America may begin to resolve the long-standing problem of how to protect traditional, high-cost banana producers *within the single market.* But lobbyists acting in their interests are not yet convinced.

At the same time, opting for quotas rather than tariffs is likely to cause collateral problems within the Uruguay Round trade liberalisation negotiations, which will probably see their last chance of conclusion this year on April 22, at *an EC-US summit in the US.*

It would be surprising, given the current state of EC-US trade relations, if Washington were not to demand concessions for a Brussels waiver on bananas, which, as one EC official put it, "our farmers will have to pay for."

The Commission has still to bring forward detailed regula*tions, but officials say the* quota system should work like this. The predominantly Caribbean and African producers linked to the EC by the Lomé Convention on trade and development, plus the outlying territories like France's Martinique and Spain's Canary Islands, will have the fifth of the west European market they each *have safeguarded. The first* group has 19 per cent, the second 21 per cent of what was 3.34m tonnes consumption in 1990.

EC banana imports



Source: World Bank

The rest of this market, over 2m tonnes, is supplied by Central American, so-called dollar zone exporters, who produce at around a half to a third of the price of the EC's protected suppliers. *Their share will be con*solidated, subject to the existing 20 per cent tariff which will now extend to Germany too, and be allowed to "evolve", officials say, at a growth rate of about 3 per cent a year. This is about the rate of growth of the banana market, and protected suppliers are now more or less at the limit of their *capacity to produce.*

But there is still uncertainty. Until Brussels produces details, it will remain unclear whether the dollar quota will be fixed at the 1.4m tonnes originally envisaged – average imports in 1986-88 – or actual imports of over 2m tonnes.

Equally, lobbyists for the Caribbean producers and com*panies marketing their produce* maintain that with no increase in protection but a rising quota, Eurobananas would face growing price pressure.

One British analyst maintained that Windward Island fruit – supplying two out of every three bananas eaten in the UK – could lose 30 per cent of their price, erasing Eurobanana profitability.

Ms Clare Wenner, of GJW which represents the Caribbean Banana Exporters' Association, advocates tradeable licences for dollar zone quota, so that Eurobanana suppliers with access to them could aver*age out their profitability* through cross-subsidy.

UK banana importers such as Geest get most produce from the Windward Islands. Like some of their competitors, they signed contracts with dollar zone producers, as a hedge against the more free circulation of bananas once the EC single market comes into *effect. Their prospects of sell*ing dollar fruit depend now on access to the new quota.

There is almost certain to be a cost for this arrangement within the General Agreement on Tariffs and Trade, which is hoping to conclude the Uruguay Round this month. The five-year old Round requires all farm products to have tar*iffs, which would be gradually* lowered over the next six years.

Hopes are rising moderately that the US and EC can agree on farm subsidy cuts – the main obstacles to a deal, along with services and market access. Senior officials from both sides meet in London on Tuesday, before Mr Jacques Delors, Commission president, meets President Bush in Washington on April 22.

EC may have to pay an extra price for protecting banana producers

If there is a farm trade deal, the US will agree to allow subsidies to farmers as compensation for price cuts, so long as the EC furnishes proof they will restrict production, and they become degressive after six years.

The EC will agree to restrain the volume of its subsidised exports as long as the US restrains exports of corn gluten, a cheap cereals feedstock.

The EC would also like export subsidy cuts to be on sectors like dairy produce as a whole, rather than each product, hitting, say, high added value products like cheese as much as skimmed milk powder. But within this outline, the EC may now have to pay an additional price for protecting the banana producers of Dominica and Guadeloupe.

Citroën agrees finance for China venture

By William Dawkins in Paris

CITROEN, the French car maker, has concluded a deal, backed heavily by French state guaranteed credits, on the financing of a FFr5.2bn (£530m) joint venture to make small family cars in the central Chinese province of Hubei, its most ambitious project outside Europe.

The company, part of the Peugeot group, said assembly of the Citroën ZX hatchback will begin in Hubei this year.

Initially, the car will be put together from imported French *kits, at a temporary plant in* Xiangfan. Output is to rise from 12,000 units in 1993 to 37,500 units by 1997, eventually climbing to 150,000.

The French group's partner is the Dongfeng Company, the leading Chinese truck maker which will hold 70 per cent of the joint venture. Citroën will hold 25 per cent, with 4 per cent held by the French bank, Société Générale, and 1 per cent by Banque Nationale de Paris.

This is the Peugeot group's second plant in China, where it already has a factory in the southern city of Guangzhou which produced 17,000 Peugeot cars.

Of the initial FFr4bn first stage of the project – capacity for 37,500 vehicles annually – low-interest loans guaranteed by the French government represent FFr1.7bn, with FFr1.2bn *of buyer credits from French* banks guaranteed by Coface, the state-owned export credit guarantee agency, and FFr1.1bn from Chinese banks.

The second stage requires FFr1.2bn of investment, covered by the partners' contribution to the start-up capital.

Russia-Turkey debt talks fail

TURKISH and Russian trade officials have failed to agree terms on settling an outstanding debt owed by the former Soviet Union, throwing into *jeopardy a multi-million-dollar* gas agreement, **John Murray Brown writes from Ankara.**

In talks in Ankara last week, the sides were unable to agree *the* repayment of an estimated $350m (£200m). This amount represents credits extended by Turkey's Eximbank to support Turkish companies in the former Soviet Union, on the back of a 25-year gas protocol signed in 1984.

Russia argues that some of the credit lines were extended for contracts with the other republics. Today it is unclear who assumes these obligations.

Seoul may ease import bans

SOUTH Korea will maintain a ban on imports of rice but could partially open 14 other agricultural products it had refused to discuss in world trade talks, the agriculture ministry said yesterday, Reuter reports from Seoul

A ministry spokesman said the South Korea government would submit a draft plan on the opening of *its agricultural* market to the General Agreement on Tariffs and Trade (Gatt), probably today.

"Under the plan, the government will not liberalise imports of the 15 non-negotiable products by introducing tariffs," the spokesman said.

The non-negotiable products include barley, beef, pork, chicken, milk, red pepper, onion, potato, corn and garlic.

German export credit policy to be reformed

By David Dodwell, World Trade Editor, in Bonn

GERMANY'S uniform export credit insurance rate is likely to be replaced by the end of the *year. A new system,* involving at least five different premium rates, will make it more expensive for German exporters to insure contracts in risky countries, but cheaper in low-risk countries.

Germany has for many years been alone in providing exporters with a standard premium rate. It has drawn criticism from *exporters* from other countries, who complain that German exporters win an unfair advantage in competition for contracts in risky third *world countries.*

"We accept that we cannot maintain [the standard rate] any more," the finance ministry said yesterday. "There is a good case that we are making it too difficult for exporters to win good risk business, while at the same time attracting bad-risk contracts."

Other pressure on Bonn has come from efforts inside *the* European Community and the OECD to harmonise the terms on which countries provide export credit cover.

The ministry emphasised that details of the new system, *which will be operated on the* government's behalf by the Hamburg-based Hermes as at present, have yet to be worked out. It will aim to reflect both country risk and risk linked to particular buyers. Neither the number of different rates, nor the spread between the cheapest and most expensive, has yet been decided.

"The single-rate system has its advantages, and that is why it has survived so long," an official said. "For exporters to risky countries, the advantage is obvious. For the government, it avoided the need for difficult decisions about political situations in different countries."

The change comes at a time of increasing *anxiety* over Germany's exposure to possible non-payment on many contracts in the former Soviet Union. Official export credit cover *amounts* to about DM29bn (£10bn), but is larger if direct aid and uncovered contracts are taken into account.

Germany has in recent years *faced* a widening gap between premium income and payments made for contracts that go bad. Its accumulated deficit is about DM12bn, according to the finance ministry.

Forty more face trial in Kuwait for collaboration with Iraqis

By Mark Nicholson, Middle East Correspondent

KUWAIT opens trial proceedings tomorrow against 40 more people suspected of having collaborated with the Iraqis during the emirate's seven-month occupation. This resumes a process which was suspended last June and will revive the close attention of human rights organisations.

The suspects are to be tried for 20 cases arising from the Iraqi occupation, including allegations of torture or complicity in torture, in what are expected to be open hearings in a state security court.

Human rights groups estimate that around 100 people are still detained for alleged offences during the occupation, while 164 have already been tried, in proceedings which began in May last year and were widely condemned for their harshness.

In these trials 29 people were sentenced to death – later commuted to life imprisonment – 72 were jailed, many for life, 15 fined, three passed on to other courts and 45 acquitted. Many of the acquitted, particularly Palestinians and Jordanians, are believed to have been deported under a programme, now supervised by the International Committee of the Red Cross, which has seen between 50 and 100 people bussed out of Kuwait weekly.

International anger over the initial trials – during which one Iraqi youth was jailed for 15 years for wearing a Saddam Hussein T-shirt – combined with Kuwait's lifting of martial law has, in the view of human rights organisations, led Kuwait to improve trial procedures.

It has abolished indefinite detention without trial, set up regular review courts for detainees, introduced an appeal court and freed many suspects for lack of evidence.

But groups such as Amnesty International, which says it will send an observer to the latest trials, say the procedure is still far from ideal: many defendants still do not have defence lawyers. Moreover, they still do not know whether adequate witness testimony will be available for people charged with torture.

Although some charges in the present trial could carry the death penalty, human rights activists suggest that even if some are imposed, they are likely later to be commuted. However, they also suggest that Kuwaitis remain unforgiving towards those accused of collaborating in atrocities during the occupation.

S African miners' union changes negotiating tack

By Philip Gawith in Johannesburg

THE annual wage round in the South African mining industry has started with the National Union of Mineworkers (NUM) apparently backing away from the historic performance bonuses negotiated last year.

The key demands from NUM, which represents 200,000 black miners, are that there should be a 20 per cent minimum wage increase on gold mines and a 55 per cent average increase on coal mines. The mining wage negotiations are closely watched as an important bellwether of union militancy.

Last year's agreement, which included a small basic increase, with performance-based bonuses on top of this, was hailed as a breakthrough, with unions recognising that the difficult economic climate required flexibility in their wage demands. In late January, however, the NUM's central wage committee resolved not to renew productivity agreements and this week restated its concern that the schemes have been abused.

Productivity agreements run contrary to a core NUM demand – that wages should be standardised. They are unhappy that productivity agreements have benefited workers on some mines, but not on others. Mr Rob Gillan, mining analyst at stockbrokers Mathison Hollidge, says: "They're a function of where you work, not how you work."

The NUM's position would appear to be that while not rejecting performance agreements outright, it wants to ensure that they are better monitored. One of its proposals is that an independent body be set up to monitor agreements and to promote their effective implementation.

Observers predict this year's negotiations will be tougher than last year's as the new general secretary, Mr Kgalema Motlanthe, seeks to exert his authority. His predecessor, Mr Cyril Ramaphosa, left NUM last year to become secretary general of the African National Congress.

With the gold industry in particular in straitened circumstances, the mining houses are unlikely to concede large wage increases. This suggests that the focus will fall on conditions of service.

North Korea ratifies accord on N-inspection

By John Burton in Seoul

THE North Korean parliament yesterday ratified an agreement with the International Atomic Energy Agency (IAEA) to open the country's nuclear facilities to inspection, but the decision still leaves unclear when inspection will begin.

South Korean officials noted that North Korean leader Kim Il-sung must still formally notify the IAEA of the ratification in a written statement. Once the IAEA receives the notice, the inspection accord with North Korea goes into effect.

North Korea will then have 30 days to submit an inventory report on nuclear materials it possesses and 90 days to disclose construction details of its nuclear facilities.

This would mean that the IAEA inspections will begin in August at the earliest once the North Korean information is studied by the IAEA, according to South Korean officials.

If nuclear reprocessing facilities are found in North Korea, the agreement betwen the two Koreas would require that they be dismantled.

The US and South Korea have been pressing for a June deadline for inspections to begin in the belief that further delays would allow North Korea to hide some of its nuclear equipment.

The two countries claim that North Korea could develop a nuclear weapon within a year.

● Prosecutors said yesterday they planned to arrest a son of Mr Chung Yu-jung, the founder of Hyundai, for alleged tax evasion.

It is the harshest action yet against Hyundai since Mr Chung's new political party won an influencial parliamentary position against the government in last month's National Assembly elections.

Nigerians roll out the red carpet for old enemies

By Patti Waldmeir in Abuja, Nigeria

"STRANGE visitor!" proclaimed the editorial in yesterday's Daily Champion newspaper in Nigeria, capturing the sense of unreality which attends the state visit of Mr F W de Klerk, the South African president, to the country which has long been Pretoria's bitterest enemy.

South African officials, many in the shiny grey suits and grey shoes which are the uniform of the Afrikaner bureaucrat, stand out strangely from the crowd of resplendently robed Nigerian officials in the ultra-modern lobby of the Hilton Hotel in the Nigerian capital, Abuja.

In the restaurants, white South Africans eagerly serve themselves Nigerian specialities from the buffet, traditional dishes like pounded yam and egusi stew, and fiery pepper soup. Nigerians are referred to officially as "our African brothers", and even in private the goodwill is obvious.

Indeed, the Nigerian foreign minister, Mr Ike Nwachukwu, praised Mr de Klerk's courage yesterday and welcomed the Boers as "one of the several tribes that make up Africa". In an emotional statement after a meeting with South African foreign minister Pik Botha, he said Nigeria was "delighted" with the progress South Africa had made in "closing the book on apartheid".

Both Mr Nwachukwu and Mr Botha stressed that henceforth, Nigeria and South Africa would speak together in the hope that Africa's voice would be heard by the nations of the industrialised world.

Normal Nigerians, for their part, have gone out of their way to make the South Africans welcome. At the Paradise restaurant – a shed in the Gariki Motor Park market, where traditional dishes are ladled into plastic bowls and eaten with the hand – patrons are enthusiastic about the South Africans, so recently condemned as racists. They believe business with Pretoria will bring economic development.

Few normal Nigerians are in evidence: Abuja, the new capital, is a large building-site with few completed buildings – a hotel, some government ministries, and an impressive gold-domed mosque.

But the government plans a grand reception even so: a 21-gun salute, a guard of honour, and red carpets everywhere.

Several newspapers urged the Pan Africanist Congress (PAC), the ultra-radical black South African group, to enter talks on a post-apartheid constitution, which it has so far boycotted.

A PAC delegation was due in Abuja today to meet Mr Botha, for the highest-ever official contact between the two sides. The South Africans hope this will pave the way to membership of the Organisation of African Unity, of which Nigeria's President Ibrahim Babangida is chairman.

Up to 1,500 Libyans protested in Tripoli yesterday against United Nations sanctions, which will take effect against Libya on April 15 unless Col Muammer Gadaffi hands over two suspects in the Lockerbie bombing, writes Our Middle East Staff. The International Court of Justice said yesterday it would announce an interim ruling on Libya's request for protection against a possible raid by the US and Britain on April 14.

Marcos body row

A showdown over the body of the late former Philippines president, Mr Ferdinand Marcos, loomed yesterday following a government move banning its return until after the May election, Jose Galang reports from Manila.

The ban, explained Mr Franklin Drilon, the executive secretary, was imposed owing to concerns of national security officials that a return to the country of Mr Marcos' remains "will create public disturbance."

He said the current campaign for the May 11 poll, at which Mr Marcos' widow, Imelda, is seeking the presidency, is hotting up and the return of Mr Marcos' body could affect public safety and order.

Bank to chair Indonesia aid forum

By William Keeling in Jakarta

THE World Bank has agreed to Indonesia's request that it set up and chair a donor consultative forum. The request was made after Indonesia dissolved the Inter-Governmental Group on Indonesia (IGGI), the previous forum, in March.

Indonesia had accused the Netherlands, which chaired the IGGI, of using aid as a political tool to interfere in its internal affairs.

The decision to set up a new forum was made after consulting "the traditional members of Indonesia's donor community" from whom the bank "received broad support", the World Bank said in a letter to the Indonesian government.

The first meeting of the new forum will take place in Paris on July 16 and 17, only one month after the cancelled annual meeting of the IGGI. Indonesia received $4.75bn (£2.76bn) in donor commitments at the last IGGI meeting, and officials say they are confident of a similar response in July.

The meeting is likely to be a test of how far donors regard Indonesia as having moved on the issue of human rights. Many donors have expressed concern at the killing of civilians by security forces in East Timor last November but have since welcomed a government report criticising the role of the armed forces in the event.

Khmer Rouge warned by UN

THE head of the United Nations mission in Cambodia threatened yesterday to report Khmer Rouge guerrillas to the Security Council unless they allowed international peacekeepers into zones under their control, Reuter reports from Phnom Penh.

"Our people are very frustrated," Mr Yasushi Akashi told a news briefing. "Time is running out."

Officials of the UN Transitional Authority in Cambodia (UNTAC) needed to inspect Khmer Rouge zones to prepare for the gathering together and demobilisation of the rival Cambodian armies as laid down in the Paris peace accord signed last October.

So far the radical guerrilla group had refused them access, Mr Akashi said.

The multinational UNTAC force, eventually to number 23,000 military and civilian personnel, is to implement the accord that ended 13 years of war between the Phnom Penh government and a three-faction guerrilla alliance spearheaded by the Maoist Khmer Rouge.

It will supervise the partial disbanding and disarming of the rival armies, monitor a ceasefire and virtually run the devastated country in tandem with a provisional national council uniting all factions until elections next year.

Manila comes to terms with its workers abroad

By Jose Galang in Manila

SOME 220 Filipino domestic servants are detained at the Philippine embassy in Kuwait, awaiting repatriation after fleeing employers whom they had accused of maltreatment.

The Philippines government has expressed surprise, however, not at complaints of abuse, but that the women are in Kuwait – the government outlawed the sending of servants there in 1989 and plans to investigate how they got jobs in Kuwait illegally.

Illegal employment is just one of many problems that have accompanied the increase in Filipinos working abroad. Despite the problems they have to contend with, including rape, physical abuse, non-payment of wages, infidelity of spouses left behind and even racial discrimination, Philippine workers still go abroad in droves, in search of jobs which their economy cannot provide.

Overseas workers send home more than $2bn (£1.1bn) a year, according to official estimates, although other informal remittances could amount to another $500m. These revenues exceed earnings of the country's leading merchandise exports, such as garments at $2.2bn and semiconductors' $1.5bn.

Throughout the Middle East, Europe, US and Asia, an estimated 1.2m Filipinos work as construction workers, seamen, hospital staff, domestic servants or entertainers. A teacher can earn six times as much as a servant in Hong Kong as in a public school in Manila.

A report by the Central Bank said that increased remittances helped offset a $3.2bn trade deficit last year and contributed to a $1.4bn surplus in the balance-of-payments position.

The overseas workers' contribution to the economy is expected to expand further in the coming years, according to Mr Jose Sarmiento, head of the Philippine Overseas Employment Administration (POEA).

Overseas employment will remain an attractive option as long as Philippine economic growth remains slow. Last year, about 2.4m people, or 9.5 per cent of the work force of 25.58m, had no job and an estimated 750,000 young people join the labour force each year.

Employment of workers abroad increased last year, with POEA-approved departures reaching 615,019, an increase of 38 per cent from 1990, with a further increase expected this year.

While the Middle East will remain "a healthy market", he said, POEA is looking at Japan and South Korea, where serious labour shortages are already curtailing industrial expansion.

Representatives from Japanese companies have already called on the POEA chief and expressed interest in hiring Filipino workers even though they are awaiting Japanese government policy allowing the entry of foreign workers. When that happens, Mr Sarmiento said, the Philippines should enjoy a head-start.

Whether the government can cope with the corresponding increase in social problems related to overseas employment is another matter, however. Embassies' response to cases involving Filipino expatriates have been tentative – bordering on indifference, according to some employers.

Meanwhile, a company belonging to Philippines businessman Mr Joseph Noel Ducat has set up a foundation, with financial help from foreign partners, that aims to give help to Filipino migrant workers in case of emergencies and to establish ties with employers to prevent abuse.

Mr Ducat was captured, with two American companions, by Iraqi troops along the Iraq-Kuwait border during the Gulf war. He says attempts to assist him were snubbed by embassy staff and Foreign Ministry officials in Manila.

Mr Sarmiento believes that Philippine diplomats, particularly in countries that hire big numbers of Filipino workers, "should now look at labour as a principal function".

For instance, in the Middle East, the POEA chief notes, "practically all the oilfields are manned by Filipino workers. Most of the households of the royal families are staffed by Filipino domestics. So are hospitals, airports, and even the bureaucracy."

On the basis of these "strategic positions", he says, "we should develop a new diplomacy consistent with this reality." Domestic-help diplomacy could be unfolding in the Philippines.

Kashmir peace talks may no longer be an impossibility

Both the military and political sands may be shifting towards a compromise, writes David Housego in Srinagar

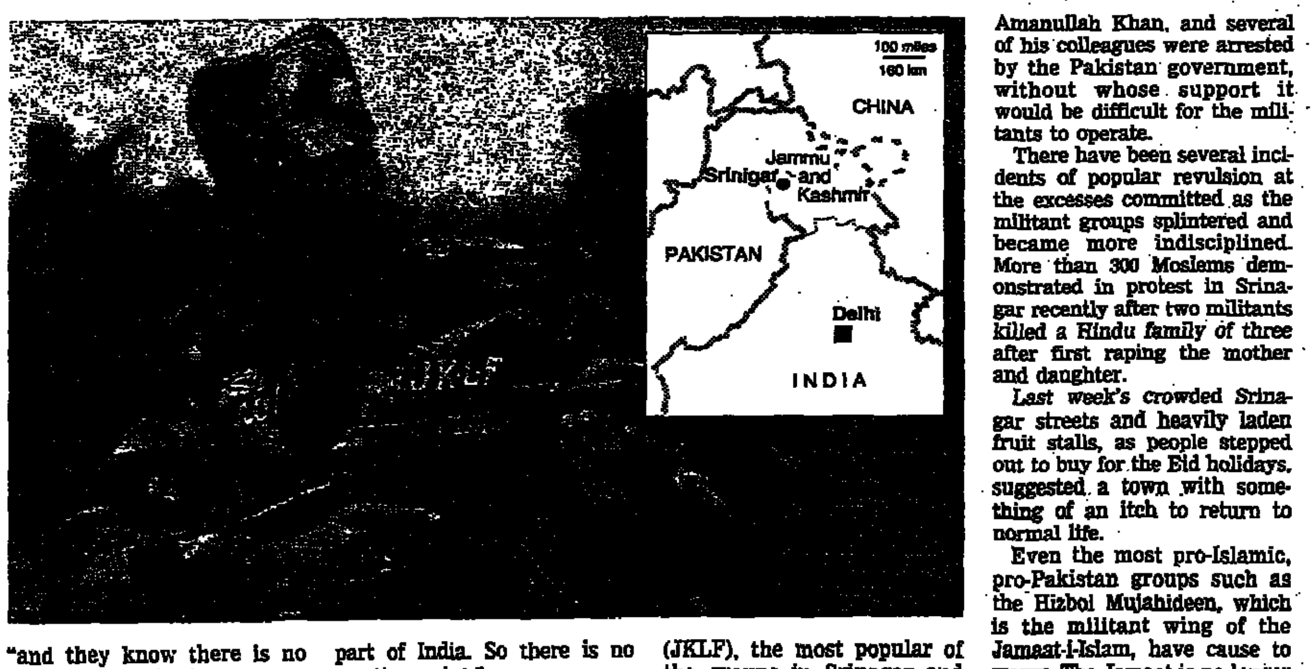
IN SRINAGAR, the Indian Kashmir capital increasingly run-down due to nearly three years of fighting by armed Kashmir separatists and Indian security forces, the government is seeking to woo the militants into talks.

Heavily sandbagged bunkers at street corners manned by Indian troops bristling with weapons are a reminder that this is a city still at war and one from which tourists have fled. On the outskirts of the town, young militants toting automatic weapons parade their defiance of what they call Indian occupation.

But Indian strategy is shifting from the display of force and brutality that was intended to intimidate Kashmiris but which united them in resentment of India. "We want to slowly take the lid off" and revive political activity, says Mr G C Saxena, the governor.

In what was probably the most significant political gesture since the conflict began, he recently announced the release of five Kashmiri opposition leaders who had been held without trial.

His hope is that they will show the people of the Moslem-dominated Kashmiri Valley that political means, rather than force, are the best way to achieve political goals. "These are serious politicians," he says "and they know there is no way they can rise to power on the shoulders of terrorists."



Both the militant groups and the opposition leaders are dismissive of talks with the government. "We say this is a disputed place and that the people must be given the right of self-determination," says Mr Abdul Ghani Lone, leader of the People's Conference and one of the five released. "The Indians say it is an integral part of India. So there is no meeting point."

The government's estimate is that the militants command 5,000 armed men within the Valley (of whom a third are inactive) and 3,000 waiting in Pakistan. Informed Kashmiri observers put the pro-Pakistani Hizbol Mujahideen (the largest militant force) at 24,000, followed by Il Jihad at 22,000. On this reckoning, the Jammu and Kashmir Liberation Front (JKLF), the most popular of the groups in Srinagar and which wants independence rather than accession to Pakistan, has only 4,000 men.

Though the number of militants remains large on whatever base the counting, the ground is shifting beneath their feet. The JKLF recently suffered the humiliation of having to call off a march into Pakistan Kashmir because of insufficient support. Its leader, Amanullah Khan, and several of his colleagues were arrested by the Pakistan government, without whose support it would be difficult for the militants to operate.

There have been several incidents of popular revulsion at the excesses committed as the militant groups splintered and became more indisciplined. More than 300 Moslems demonstrated in protest in Srinagar recently after two militants killed a Hindu family of three after first raping the mother and daughter.

Last week's crowded Srinagar streets and heavily laden fruit stalls, as people stepped out to buy for the Eid holidays, suggested a town with something of an itch to return to normal life.

Even the most pro-Islamic, pro-Pakistan groups such as the Hizbol Mujahideen, which is the militant wing of the Jamaat-i-Islam, have cause to worry. The Jamaat is no longer part of the ruling coalition in Pakistan, and the administration of Mr Nawaz Sharif, prime minister, is wary of the Jamaat extending its influence in Kashmir.

The governor's hope is that both militant groups and opposition leaders will see a change of mood in the Valley and that their room for manoeuvre is limited by the larger issues of Indo-Pakistani relations and international pressures on the countries to settle their differences. He hopes to draw them into talks and even speaks of holding elections within a year. "Let us see how the situation develops," he says with a determination to exploit any opening.

On the face of it, the prospects for negotiations look slim. Three of the leaders released last week – Sayed Ali Shah Gilani, the head of the Jamaat-i-Islam, Maulana Abbas Ansari, the Kashmiri Shiite leader, and Professor Adullah Ghani – are hardline pan-Islamic, pro-Pakistani politicians.

Their distrust of India is likely to have been reinforced by two years of incarceration and the death or imprisonment of many colleagues, friends and relations. Conservative estimates are that 3,000 Kashmiris have died in the three-year struggle.

Anti-Indian sentiment remains strong in the Valley and periodically explodes in the wake of incidents of brutality by the Indian security forces. Mr Saxena has been successful in reducing the number of these by getting the police to show restraint, thereby creating the more relaxed atmosphere in Srinagar in which he launched his initiative by releasing the five.

Kashmiri emotions could easily flare up again in the wake of fresh brutality, either accidental or provoked by groups with little interest in seeing negotiations take place.

But there are also external pressures that favour talks and which are likely to grow. Pakistan has been scared by the possibility of an independence movement spilling over to Pakistan occupied Kashmir.

Both India and Pakistan are under strong pressure from the US and other western governments to agree to a nuclear non-proliferation regime, curb military spending and reduce tensions between the two countries. Progress over Kashmir would be a sine qua non of any confidence-building package. In India's case, a powerful inducement to compromise, and one already dangled before it, would be the offer of a permanent seat in the UN Security Council.

Other signs of a shift in Indian opinion over Kashmir have been the growing number of articles in the Indian press proposing responses to Kashmiri demands that range from Trieste-style custodianship to opening the border.

Substantive talks still seem a long way off. But they no longer look impossible.

Congress attack on foreigners' tax reporting

By George Graham in Washington

THE US Congress is taking aim once again at what it believes to be widespread evasion of US taxes by foreign-owned businesses.

A number of Congress members claims that foreign companies are systematically understating the earnings of their US subsidiaries, and so evading US corporate income taxes, by using inflated transfer prices to siphon profits back to their home base.

In a hearing at the House ways and means committee yesterday, methods to plug this hole were suggested, ranging from a new border tax to an alternative minimum tax levied at 5 per cent of sales on foreign subsidiaries.

"In our society, a teacher or a factory worker can pay more in federal income tax than a major multinational corporation with billions in annual US sales," complained Congressman Jake Pickle, chairman of the ways and means sub-committee on oversight.

But Treasury and Internal Revenue Service officials urged Congress not to press ahead with new legislation until they have had time to see whether reforms on transfer pricing, enacted in 1990, have worked.

Mr Alan Wilensky, treasury deputy assistant secretary for tax policy, acknowledged that foreign-owned businesses showed a much lower rate of return on assets than comparable US-owned companies, but warned that the US might face retaliation if it introduced rules that discriminated against foreign companies.

New tax data for 1989 – before the new 1990 rules took effect – showed that foreign-controlled companies made an average return of 0.51 per cent of assets, compared with 1.97 per cent for US-controlled companies. Gross profits amounted to 22.01 per cent of sales for foreign companies, compared with 29.89 per cent for US-owned companies.

Congressman Duncan Hunter argued that the US Treasury was losing more than \$30bn (£17.4bn) a year because foreign companies were artificially lowering their US profits.

Ms Shirley Peterson, IRS commissioner, acknowledged that there might be some income shifting by foreign-owned businesses, but estimated the maximum tax loss at \$3bn.

Even so, a study commissioned from the accountancy firm KPMG Peat Marwick by the Organisation for International Investment, a Washington-based lobbying group, argued that, although foreign-owned companies' rates of return were much lower than US-owned companies, this was partly accounted for by the fact that their new investments have been growing three times faster.

KPMG suggested that IRS data were inadequate for a conclusion that transfer price abuses were occurring, and that comparisons of gross profit margins were probably misleading.

Tsongas stays out of presidential contest

By George Graham

MR Paul Tsongas, former senator from Massachusetts, decided yesterday not to revive his bid for the White House, virtually conceding the Democratic party's presidential nomination to Governor Bill Clinton of Arkansas.

The New Englander had suspended his campaign after mediocre support in Illinois and Michigan had convinced him that he would not be able to take on the southerner in the New York primary this week.

Yet Mr Tsongas continued to win votes. His 29 per cent in New York – second to Mr Clinton's 41 per cent but ahead of former governor Jerry Brown of California, the only other candidate still formally in the race – prompted him to consider relaunching his bid.

Yesterday, Mr Tsongas said he could have re-entered the race only as a spoiler, a role he rejected. He said he wanted to preserve his message – liberal social policies and pro-business economics – but declined to endorse either of the two remaining candidates.

The Clinton campaign estimates that it now has 1,327 of the 4,288 delegates who will pick the Democratic nominee at the party's convention in July. Mr Tsongas would have had to win virtually every remaining delegate.

Fed displays its determination

Michael Prowse on timing of the latest easing in monetary policy

YESTERDAY'S surprise easing of monetary policy by Mr Alan Greenspan, the Federal Reserve chairman, is a sign of his determination to ensure that this year's fledgling economic recovery does not fizzle out, as happened last year.

But the timing of the Fed's signal of a ¼-point cut to 3.75 per cent in the key federal funds rate also reflected the plunge in share prices in Japan, which has unsettled the US stockmarket. The immediate reaction on Wall Street was positive, with both share and bond prices gaining ground.

The Fed's move was the first since late December, when it announced a 1-point cut in the discount rate to 3.5 per cent and a ½-point cut in the federal funds rate to 4 per cent. The fed funds rate is the rate at which banks lend to each other.

Yesterday's announcement followed the release of encouraging inflation figures. The producer price index for finished goods rose 0.2 per cent last month and by 0.9 per cent in the year to March. Figures for "core" producer prices, which exclude food and energy, were also subdued, suggesting that inflation at the retail level will be moderate even if the sluggish recovery gathers momentum.

Many analysts had assumed that the next move in interest rates would be up rather than down. A surge in retail sales in January and February seemed to indicate the economy was finally shaking off its lethargy. But in the last week or so confidence began to erode again.

The biggest setback was last Friday's employment report for March. This showed a paltry 19,000 increase in employment, less than Wall Street expected and negligible in an economy with nearly 109m non-farm jobs. Employment in the private sector fell slightly and is not significantly higher than last May, when a faltering recovery began last year.

Economists fear that, if employment does not recover, personal income will not grow and the revival of consumer spending will grind to a halt. Many analysts also worry that the retail figures were distorted by warm weather and faulty seasonal adjustments and therefore exaggerated the revival of demand. Stronger retail sales were also not accompanied by a recovery of car sales, always a key sector in the early stages of recovery.

Following the gloomy employment figures, forecasters expect a series of weak economic reports for March. Industrial production, retail sales and housing starts may all fall slightly.

In addition to fears about the real economy's strength, Mr Greenspan is acutely aware that monetary growth is losing momentum. In recent weeks, M2, the main targetted measure of broad money, has fallen sharply, reducing its growth rate to 3 per cent, or just above the bottom of its 2.5-6.5 per cent target range. The White House, keen to ensure a recovery in election year, has been warning the Fed not to allow the money supply to stop growing, as happened last year.

The Fed's move was probably also designed to put downward pressure on mortgage rates, which have risen in recent months, taking the edge off a mild recovery in residential housing. A ¼-point cut, however, is unlikely to have a great impact either here or on banks' prime lending rates, currently 6.5 per cent.

If the economy shows further signs of weakness, speculation about another cut in the discount rate is likely to mount.

Poverty gnaws at patience with democracy

John Barham examines economic stresses threatening constitutional procedures in Bolivia

IF THE COUP last weekend in Peru and the abortive uprising in Venezuela in February are to have a domino effect in the Andean region of South America, Bolivia could well be next.

President Jaime Paz Zamora set alarm bells ringing on Wednesday, when he warned that "Congress should work properly for there to be no need to close it." Officials immediately "clarified" his statement, promising he had no intention to threaten Congress.

Diplomats and independent analysts doubt Mr Paz Zamora will copy President Alberto Fujimori's military-backed takeover in Peru. They say he was voicing his frustration over the legislature's refusal to pass important government bills.

Although Bolivia has suffered more coups d'état in nearly two centuries of existence than its hard-pressed citizenry can count, it has managed to stagger from crisis to crisis and retain a democratic regime for the past 10 years.

However, political stresses are growing more severe as Bolivians become weary of unrelenting orthodox economic policies, corruption, deepening poverty and intensifying concentration of wealth. Many are wondering how much longer the democratic regime can survive.

President Jaime Paz Zamora: Grumbling at Congress while military officers fume

Pessimists wonder whether the weak coalition government can survive until the presidential election due in May 1993. Optimists expect it will last, only to hand over power to a strongman with shaky democratic credentials and little interest in continuing laissez faire economic policies.

Bolivia adopted market reforms in 1985, when hyper-inflation had reached 25,000 per cent a year. It cut the budget deficit, shrank the public sector, introduced trade liberalisation and virtually eliminated the debt to foreign commercial banks by buying IOUs on the secondary market.

Despite the huge cost in jobs and income levels, the reforms were popular. Inflation fell to 15 per cent during each of the past three years and modest economic growth got under way. The free market consensus became a national policy embraced by all main parties.

The problem now is that reform has not stimulated enough growth to dent Bolivia's profound poverty. There is a widespread conviction that the sacrifices of reform have not been worthwhile. Yet, Bolivians vividly recall the military coups of the 1970s and the chaos of hyper-inflation, and do not want a return to instability.

Real incomes are lower than in 1985, unemployment and underemployment are widespread, urban poverty is growing – as any visitor to the capital La Paz can see by visiting El Alto, the world's highest urban slum at nearly 4,000 metres.

Last year, government spending on education, health and housing fell to just \$28m (£16.2m) – the lowest figure since 1985. The government has promised to raise the level to \$99m this year. However, it is trying to hold public sector wage increases below inflation.

The government is paralysed by indecision. It is pulled in opposite directions by the contradictory demands of special interest groups, the US government and the local armed forces.

Several groups are watching from the wings. One is led by General Hugo Banzer, who was a long-serving military president in the 1970s. His ADN party backs Mr Paz on condition that he help Mr Banzer become president next year. Mr Banzer's strongman image is one of his chief attractions.

A group of populist parties is capitalising on both worsening poverty and a resurgent "endogenous" movement. They would cast aside orthodoxy in favour of a blend of left-wing economics and traditional tribal organisation.

Then there is the military. The generals appear to back Mr Paz and the democratic system. But a vocal group of junior officers, with links to the trade unions, openly identifies with the Venezuelan rebels. They accuse commanders of corruption, and condemn the conservative consensus, US influence, and falling military budgets.

Businessmen claim Bolivia's economic problems have dramatically narrowed the scope for change. Mr Alvaro Ugalde Canedo, general manager of Inti Raymi, a big US-owned mining company, said: "The economy is not growing at the same rate as the expectations of the people. It does not matter which government comes in – it will have the same economic restrictions as the previous ones. [Policy] changes will only be nuances."

For all that, the explosive themes of corruption and poverty are beginning to combine. A top government official said: "All we need is a big corruption scandal or for government people – particularly generals – to be threatened with exposure, and the whole house of cards will fall."

Japanese banks face £20m loss over missing tax

JAPANESE banks are among 500 companies facing losses of up to £20m in London after the discovery that tax payments have gone astray on the way to the Inland Revenue, the UK tax office.

The banks, including Fuji International, Yamaichi International and Industrial Bank of Japan, were all clients of Payroll Services, a private company that handled about £30m a month in taxes under the Pay As You Earn (PAYE) scheme and National Insurance (NI).

Touche Ross, the accountancy firm, has been appointed to act as provisional liquidators at Payroll Services and its parent, Wren Group, after the Inland Revenue discovered one of the banks was behind on its tax payments.

The UK's largest banks, which have their own wages departments, are not believed to be involved but otherwise Payroll Services's client list reads like a Who's Who of banking. Payroll Services also paid the salaries of London-based crews of Japan Air Lines, which estimates it will have to pay £250,000 again to the Inland Revenue to cover missing PAYE and NI contributions. This amount was described by one client, who wished to remain anonymous, as "small fry".

Visa International, one of Payroll Services' largest clients, and Nippon Credit International, said it had stopped using Payroll Services last year. Another large Japanese bank had made credit checks on Payroll Services and was about to segregate its payments but the company failed before a trustee account could be set up.

The Revenue has agreed to give Payroll Services's clients a moratorium on paying the missing taxes of a few weeks while Touche Ross establishes how much back tax and NI is missing. The Revenue has made clear that in such cases it still looks to the banks and companies for payment of the taxes and not to any contracted payroll company.

Leading clearers announce large-scale redundancies

By David Barchard

TWO of Britain's largest clearing banks, Barclays and National Westminster, yesterday announced large job losses, but rejected claims that they deliberately selected election day to publicise the news.

National Westminster, the second largest UK bank with 102,000 employees, is to shed 4,000 jobs this year, including 1,900 in its UK branch staff.

All its staff received letters telling them that the cuts were on the way. However the bank has not yet decided which individual members of staff will lose their jobs.

In a separate move, Barclays, the largest UK bank, is to cut 450 jobs at Barclays Bank Trust, its subsidiary which handles taxation and investment advice, and executor and trustee work. The cuts are being made because new technology enables the bank to perform administrative work centrally which at present is done in regional offices.

Both banks were immediately accused by BIFU, the bank employees union, of deliberately timing the announcement to coincide with election day.

"They have both been working on these cuts for months and then choose today to axe jobs," said Mr Ed Sweeney, BIFU's deputy general secretary. The banks strongly denied the BIFU claim, saying the timing of the news was purely coincidental.

NatWest, which shed 6,400 jobs last year, said it had not planned to make the announcement public yesterday.

Insurers win US pollution case

INSURERS have won a significant victory in a US court case involving a dispute over the costs of pollution clean-up, writes Richard Lapper.

The ruling which came on Tuesday in a case involving Diamond Shamrock, a US company which produced herbicides and other chemicals, could reduce losses faced by hundreds of Names – the individuals whose assets back underwriting at the Lloyd's insurance market.

The court case arose when Diamond Shamrock, was ordered by the US Environmental Protection Agency to clean up dioxin pollution at a number of sites where it manufactured herbicides.

In 1989 the company attempted to have the cost of cleaning up one of these sites paid by its insurers. At the same time they sought to recover from insurers monies paid to a group of Vietnam war veterans who had won compensation for disability suffered throgh their exposure to Agent Orange, a defoliant also manufactured by Diamond Shamrock.

On Tuesday the New Jersey Appeal Court found that not only did insurers not have liability for the site clean up, but neither did they have liability for the Agent Orange claims.

Channel 4 starts New York action over 'censorship'

By Raymond Snoddy

CHANNEL 4, the independent British television company, filed a law suit in the New York Federal Court yesterday to end what it sees as censorship of its documentary *Damned in the USA*.

The Channel 4 documentary about censorship of the arts and media in the US was made by Berwick Universal Pictures won an Emmy award for best arts documentary of 1991.

The suit, on behalf of Channel 4 and a coalition of 20 US film and television associations, has been filed against the Rev Donald Wildmon and his American Family Association.

The coalition, which includes the American Film and Video Association and the American Civil Liberties Union, are trying to lift what they see as a *de facto* ban imposed by Rev Wildmon.

According to Mr Martin Garbus, a lawyer acting for the Channel 4 group, the lawsuit was necessary because "Wildmon is attempting, with considerable success, to prevent this film about censorship in the United States from being seen by the American public".

Rev Wildmon and the AFA claim that the film contains graphic and controversial images from various works of art funded by the National Endowment for the Arts.

Rev Wildmon filed a $2m lawsuit against the producers of *Damned in the USA* last October alleging the use of an interview with him in the film was unauthorised.

Rev Wildmon has also sought to include Channel 4 in the action, claiming a further $5m damages.

Mr Paul Yule, director of the documentary, said: "This is censorship pure and simple. We have a signed licence from Wildmon and it contains no restrictions upon distribution of the film."

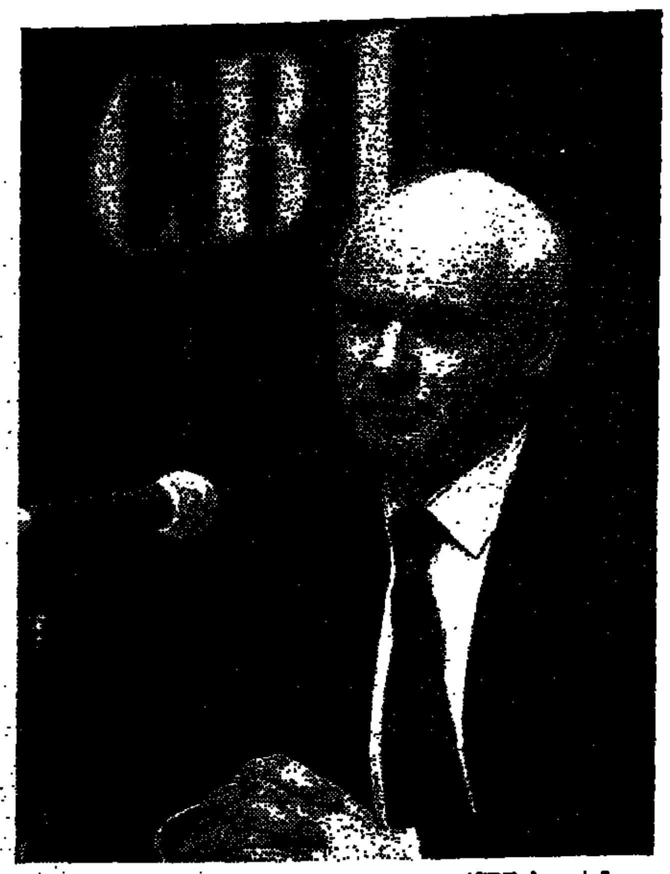
Britain in brief

Nissan offsets slide in UK car output

The rapid build-up in car output by Nissan, the Japanese car maker, at its Sunderland plant in north-east England, compensated last year for a steep decline in output by established car producers such as Rover, Peugeot and Jaguar.

Nissan, which first began small volume car assembly in the UK in 1986, increased production last year by 63.6 per cent to 124,666 from 76,190 a year earlier according to figures from the Society of Motor Manufacturers and Traders.

Overall UK car output fell by 4.5 per cent to 1,236,900 last year, largely as a result of a 13.8 per cent fall in Rover car production, and a 24.5 per cent drop in output by Peugeot, the French car maker, at its Ryton assembly plant.



The Confederation for British Industry (CBI) is set for a marked shift in its approach to dealings with the government under its next director general, Mr Howard Davies, above. Currently controller of the Audit Commission, his appointment as CBI director general was confirmed yesterday. He said said he would prefer to work alongside policy makers, whichever party was in power, rather than "throwing in ideas from the outside. The CBI, he said, should influence policymaking from the inside.

Recession hits metal sector

Recession in Britain and Scandinavia and economic slowdown in Germany and France has caused the first - and surprise - fall in sales of high technology, pre-coated steel and aluminium after continuous growth averaging 9 per cent a year for much of the 1980s.

The sector, long thought recession-proof, supplies the raw material for a wide range of industrial products, from profiled steel sheet for buildings, to automotive components, non-stick frying pans and oven-proof cooking pots.

Sales for the first nine months of last year the latest produced by the European Coil Coating Association (ECCA) show shipments down 1.5 per cent for coated steel and 8 per cent for aluminium.

Full-year figures, available at the end of this month, are expected to show no improvement.

Auditors expect summer lull

Accountancy firms are gearing up for a substantial lull in work during the summer with a variety of tactics to keep their employees occupied.

Some are placing extra emphasis on staff taking all their holidays during the late summer, when the volume of audit work is traditionally lowest, while others are seconding them to other departments or giving them projects for the firm's internal use.

Managers have been pincered by two effects of the recession: a decline in some areas of business activity such as corporate finance, and a reluctance of younger staff to leave because there are fewer jobs elsewhere.

Fewer jobs for graduates

Unemployment among graduates has nearly doubled in the last two years, from 5.8 per cent in 1989 to 10.1 per cent last year, Labour said yesterday.

Only 40 per cent of graduates found full-time employment six months after graduating, down from 46 per cent last year, according to a survey for the Department of Employment and released by Labour.

Review pledged

Imro, which regulates the fund management industry, has told members that it will re-examine its supervisory arrangements and priorities in the wake of the Maxwell pensions affair. In a letter to members it said it had been "thumped" when it gave evidence before the Commons social security committee.

Court reverses land decision

St Bartholomew's hospital and the Church of England have lost the opportunity to make windfall profits of several million pounds from the proposed £4.5bn redevelopment of King's Cross station, on the edge of central London.

The Court of Appeal overturned a High Court judge's ruling two years ago that the hospital trustees and the Church Commissioners had the right to buy back from British Rail and National Carriers 52 acres of prime development land at 1850's prices.

Blue Arrow judge replaced

The judge in the first Blue Arrow trial, who called for a fundamental review of the way complex fraud cases should be handled by the courts, has been replaced, the lord chancellor's department confirmed.

Mr Justice McKinnon, who presided over the year-long trial, is stepping down.

Mr Justice Brooke, another High Court judge, will take his place in charge of the two future Blue Arrow trials expected to take place.

The lord chancellor's department said Mr Justice McKinnon deserved a break after the first Blue Arrow trial.

Council warned over immigrants

A London local authority has been told by the High Court that it has no right to refuse emergency housing to foreigners it regards, on the basis of its own inquiries, as illegal immigrants. The court decided only the Home Secretary can rule on the immigration status of foreign applicants seeking council housing as homeless persons with priority need.

Labour's battle with Militant to resume

By Ian Hamilton Fazey, Northern Correspondent

LABOUR'S battle against Militant and other former members of its leftwing will resume in Liverpool next week as campaigning begins for the May 7 local government elections.

Twenty-one members of the Broad Left grouping are challenging Labour candidates in 20 of the city's 33 council wards. Only seven of Broad Left's 25 councillors are fighting to retain their seats.

Since five of the other 18 won against official Labour opposition last year, it could be four or five years before Labour can eliminate the Broad Left at the ballot box.

Last year, only one of the Broad Left's six challengers failed. Its organisation was strong and candidates stood under "ward Labour" banners, confusing many voters.

Labour hopes this time for a spillover of image from the general election campaign to counter the well-run pockets of Broad Left strength in Liverpool's inner city and poorer suburbs.

"The biggest boost for our campaign against them will be the general election results," Mr Mike Graham, one of the party's regional officials at its north-west headquarters in Warrington, said yesterday.

On the Broad Left slate is Ms Lesley Mahmood, who lost last year's Walton by-election against Mr Peter Kilfoyle, the full-time party official whose last position was as Labour's Militant-finder-general.

Ms Mahmood is standing in Netherley, a ward of largely modern council housing, almost in the countryside, which was the power base of Mr Derek Hatton, the Militant-supporting, former deputy council leader.

Heavyweight opposition is coming from Mr Joe Devaney, who almost won Mossley Hill from the Liberal Democrats in the 1987 general election.

Mr Devaney is one of the 47 Liverpool councillors disqualified in 1987 for losses incurred when the Militant-dominated Labour group was late in setting the 1985 rates.

Now that their disqualification time is up, nine of the 47 are standing – six for Labour and three for the Broad Left. Mr Devaney is one of five Labour candidates facing a Broad Left opponent.

The best-known "official" would-be returner is Mr John Hamilton, who was council leader in 1987 and later helped the party purge several leading Militants.

He is fighting Mr George Lloyd, another of the 47 and now of the Broad Left, in Old Swan, in the Militant stronghold of Broadgreen.

Count in Scotland off to a flying start

By Bethan Hutton

THE campaign in Scotland has already produced one clear winner: the helicopter companies that ferried politicians around its remote regions.

Helicopters are no longer used only by Mr Michael Heseltine, Mr Paddy Ashdown and others cultivating an action-man image. The final days of the campaign saw unlikely figures such as Mr Donald Dewar, the shadow Scottish secretary, taking to the air in a last-minute dash around the marginals.

Last night the choppers were standing by to bring in ballot boxes from all over the highlands and islands to achieve the earliest declarations ever in the north of Scotland.

Mr Keith Nichols, election officer at the Highlands regional council, is organising the count for Inverness, Nairn and Lochaber, Ross, Cromarty and Skye, and Caithness and Sutherland. In 1987 results for these three northernmost mainland constituencies were not announced until 1.30pm on Friday afternoon. This time the last one should be out by 2.30am.

Mr Nichols has chartered three twin-engined helicopters from Black Isle Helicopters, the Scottish subsidiary of Dollar Helicopters. Twin engines allow the helicopters to fly at night, and the 27 pick-up points have been equipped with temporary lights.

Argyll and Bute, a Conservative/Liberal Democrat marginal composed of islands and sparsely populated farmland, is expected to be the last Scottish constituency to declare, at about 12.30pm on Friday.

A single-engined helicopter has been chartered from PLM Helicopters to pick up 22 ballot boxes from the most far-flung villages. Single-engined aircraft cost less to charter, about £500 per flying hour, but cannot fly in the dark, so the run will begin after dawn on Friday.

Two horse race: residents of Theydon Garnon, a hamlet in Essex, outside a church hall polling station yesterday

Biggest aims for the best

By Richard Donkin

THE LARGE hoardings promoting Birmingham before a mass television audience last night gave a glimpse of election counts of the future when the results for 12 constituencies were assembled in the city's National Indoor Arena.

A military-style operation went into action as soon as the polling booths closed at 10pm with the aim of ensuring that Britain's largest ballot count under one roof – handling more than half a million votes – went ahead without a hitch.

With four key marginals contested in the city – Hall Green, Northfield, Yardley and Selly Oak – Birmingham was a prime focus of media attention and the city council lost no opportunity to promote the city as one of the nation's top sporting, cultural and exhibition centres.

The 800 counting staff and scrutineers were herded into pens for each constituency, separated by eight-foot partitions. Wide-angle television cameras suspended above the hall were able to provide a panoramic view of the event.

To avoid the crush of more than 600 cars and vans carrying ballot boxes into the city centre at one time – as happened in the last general election – security vans were loaded at collection points outside the centre and driven straight on to the arena floor.

Mr Peter Hatch, Birmingham's elections officer, said: "To make sure we had the arena we pre-booked Thursday night as early as last October through to July 9, the latest date for a general election."

The Midlands, where many of the crucial marginals that decided today's result were being fought, has a long tradition of historic election results. In 1900, when general elections were held over several days, Derby returned Britain's second Labour MP – Richard Bell – a day after Keir Hardie won his seat.

Birmingham itself, however, maintained a Conservative tradition for many years because of the influence of Joseph Chamberlain and his two sons, Neville and Austen, who ensured that a Chamberlain was in the House of Commons representing some part of the city from 1876 to the Second World War.

One of the city's closest results was in 1924, when Neville Chamberlain defeated Oswald Mosley by just 77 votes after two earlier counts which had given the seat to Mosley. After last night's count the arena, which opened last October and cost £51m to build, will return to staging more peaceful contests. Later this month it hosts the national karate championships.

Before the general election count the venue's biggest event had been Disney on Ice.

Villagers wait for the tide to turn

Chris Tighe takes in the view from the Holy Island polling station

OUTSIDE HOLY Island's village hall, the sun warmed the picturesque cottages; through a heat haze the castle loomed on its rock and daffodils around the graves beside the ruined Lindisfarne priory bobbed in the spring breeze.

Inside the hall retired fisherman Mr Ralph Wilson – presiding officer for the day – surveyed his pile of ham sandwiches and flasks of tea and coffee and daydreamed about how a nip of whisky might relieve the chill of the building, which remained stubbornly cold.

Beside him his daughter Morag watched the door. "Number 51 father" she said, almost before a silverhaired villager crossed the threshold. On an island where most voters have known each other since birth, presentation of a poll card is something of a formality.

Holy Island, cut off from the Northumberland coast twice every 24 hours and accessible at low tide across the same strait of water that Saints Aidan and Cuthbert negotiated in the seventh century, is just one example of the challenge of organising polling in Britain's more rural constituencies.

The island's village hall, built as a gift in 1931 by Sir Edward de Stein, then owner of the castle, is one of 104 polling stations in the Berwick constituency, the most northerly in England.

The presiding officers and poll clerks who run the stations, set up in village halls, schools and even the annexe of the Rose and Crown pub in Alwinton, a Cheviot shepherds' watering hole, are mostly local government officers. But as Holy Island's tides, coupled with the 15-hour polling day, would oblige visiting officials to stay overnight, villagers are entrusted with the task.

Berwick is one of more than 30 constituencies nationally where counting will not begin until this morning. Some delay is because of the cost of retaining staff late into the night, others, like Berwick, because of the logistics of collecting ballot boxes from outlying areas.

By 11am yesterday, 40 Holy Islanders had voted. About 20 others from the 171 islanders eligible had opted for postal ballots; many were fishermen, away catching prawns and scallops. But Mr Billy Shell, part of a fishing family known to have been on the island for at least 600 years, called in person to vote as his boat was laid up with engine trouble. With him came his 80-year-old father Mr Livingston Shell, a veteran of more general elections than he could remember.

By midday the voting rate had settled down to about five an hour; it looked like a long day. Anticipating boredom Morag, a craft shop proprietor, had brought with her a bag of 100 home-made "willy winkies" – shell figures sold for 55p each – on which she had to ink in the eyes.

Her father stood on the step, having a smoke in the sun. Officially, the causeway could not be safely crossed last night until 11.15pm. But Mr Wilson, drawing on a lifetime's knowledge, knew he could drive the ballot box across, on the start of its journey to the count, a little sooner. "I'd say I'll get it away at 10.30," he said. "The tides are low at the moment."

ELECTION 1992

Whitehall poised for change

By John Willman, Public Policy Editor

BRITAIN's civil servants are ready today to welcome a new government and ensure a seamless transition between administrations.

Their preparations have been more complex this year, with the serious prospect of a change of government for the first time since 1979. With the likelihood of a hung parliament growing, the Civil Service has also drawn up guidelines on its role if there is no outright winner.

If there is one party with an overall majority, the aim is to help the new government hit the ground running, with the main cabinet appointments to be announced by the end of today.

With a hung parliament, however, progress could be much slower. It could be days or even weeks before an administration is formed which can win a parliamentary vote on its Queen's Speech. Throughout the negotiations, civil servants will be on hand to assist.


Eyes to the future: Sir Robin Butler has been fully briefed

Sir Robin Butler, the cabinet secretary, will be expected to *act as an intermediary between* the parties. He will keep information channels open between the party leaders and Sir Robert Fellowes, the Queen's private secretary who will advise the monarch.

Civil servants will be available to draft documents required for discussions between the parties. But while they can help in turning an indecisive result into a government, civil servants cannot *become involved in politicians'* negotiations.

Throughout the election campaign, each government department has been working on briefs for the incoming government. At least two sets will have been prepared: a red one to brief an incoming Labour government, a blue one for a re-elected Conservative administration. The most prescient will have prepared a third set *for the Liberal Democrats* – not because they are expected to form the government, but to prepare for a government in which they play a role.

These briefs will be in two sections. The first will offer incoming ministers background information on the state of their policy area: "opening up the books", as one *senior mandarin describes it.* Decisions which need to be taken quickly will be listed, ranging from government appointments to main policy decisions – such as whether to send British troops to join the UN peace-keeping force in Yugoslavia.

The second section will help the new minister plan the implementation *of the party* manifesto. The brightest and best in the department will have spent the election campaign combing the party manifestos and policy statements and monitoring announce*ments by spokesmen.*

The briefs will list the party's promises and offer advice on how they can be implemented – inviting the minister to indicate priorities and preferences. With less than a month to the Queen's Speech on May 6, civil servants have already produced drafts for ministers to consider at an early meeting of the cabinet sub-committee which will *supervise the speech.*

For the first time since 1979, civil servants have had the opportunity to discuss the opposition's plans with members of the shadow cabinet. Under rules drawn up in the 1960s, permanent secretaries are allowed to meet the relevant shadow ministers to learn of their plans during the last *six months of a parliament.* This procedure could not be adopted in 1983 or 1987, since the elections were called before this final six-month period.

With both the main parties planning a Whitehall shake-up, the new prime minister will have to agree the changes in the machinery of government before ministers can be *appointed. Already a government* building has been earmarked for the super ministry for arts, broadcasting, sport and tourism promised by Conservatives and Labour. Buildings have also been identified for the *ministries* for women, children and overseas development planned by Labour.

All that remains is the rapid filling of ministers' diaries.

Eavesdropping diplomats left guessing

By Jimmy Burns

THEY'VE wined and dined senior politicians, listened to newspaper editors, eavesdropped on the constituencies and compared notes among themselves, but in the final run-up to polling day, foreign diplomats in London found it as hard as anybody else to make a firm prediction.

"Everyone is very confused. If you ask me who is going to win. We don't know," said one Spanish diplomat, barely hiding his frustration at failing to make a firm prediction in his latest report to Madrid.

All the foreign embassies in London have kept a watching brief on the election campaign, but a small group of countries, including Spain, have devoted particular resources to the event.

It is not so much Gibraltar as the wider context of Europe that has drawn Spanish interest: "After the recent electoral reversals of the socialists in France, we thought it was very important to see what happens here", said one Spaniard.

Territorial issues seem to be of more exclusive concern to the Argentine embassy, where diplomats have been experiencing frustration of a different kind.

They have witnessed the apparent reluctance of the Labour party to reaffirm its 1990 policy review document statement that it would adopt a more conciliatory attitude towards Buenos Aires on the issue of sovereignty over the Falklands Islands.

For the US embassy, which has had to be less on its guard on issues such as defence policy than during the last British election campaign, some half-a-dozen diplomats have been following the hustings and feeding back information on grass-roots opinion.

The embassy believes its feel for the political pulse has been enhanced by the longstanding links of Mr Raymond Seitz, the current US ambassador, who is on his third diplomatic posting to London. Yet one senior US diplomat said he was only prepared to telegram a guess about the outcome of the general election the night before the poll.

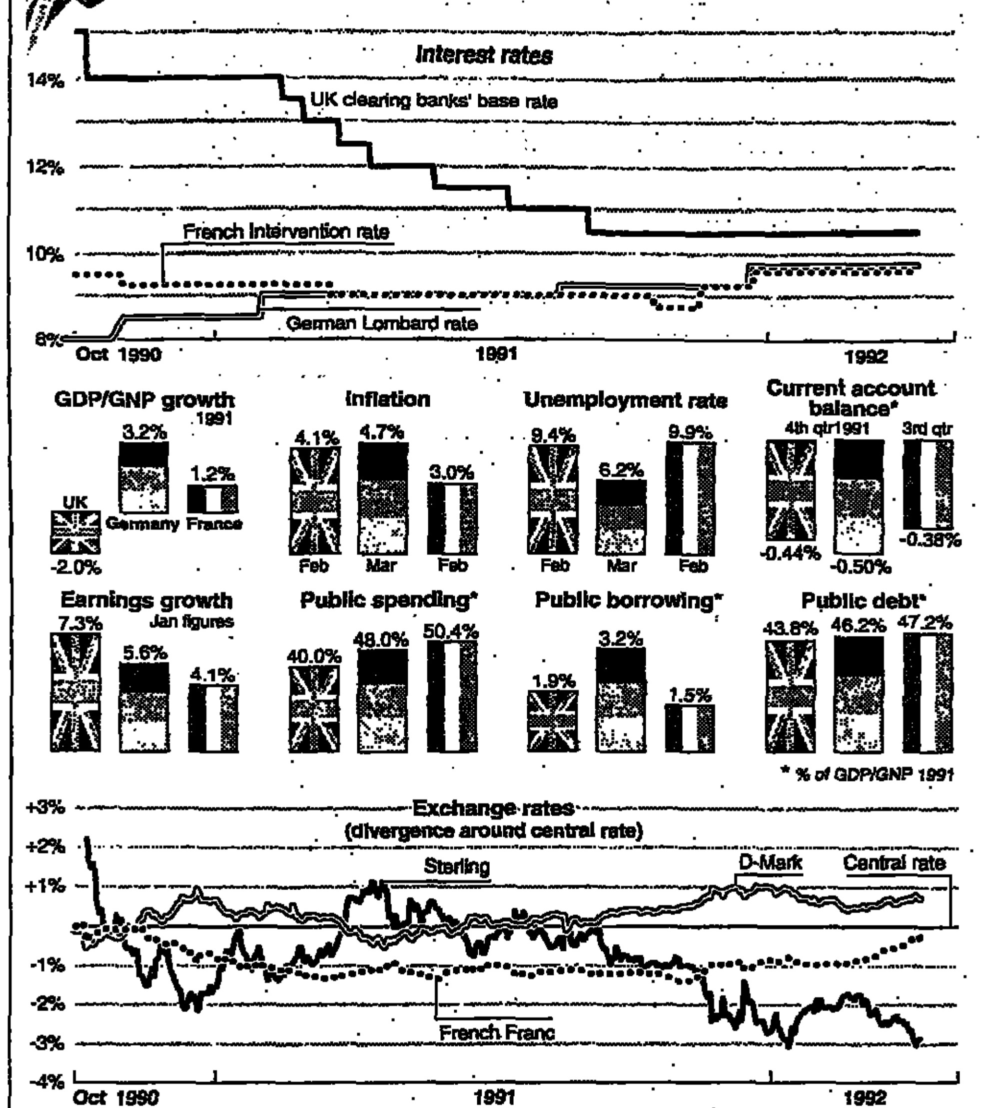
"We're scratching our heads like everybody else," one US diplomat confided a few days ago. His final report has remained a closely guarded diplomatic secret.

Two weeks ago, the German embassy commented, in response to a journalist's question, that the German way of measuring inflation rates was not comparable to the British. The statement was jumped on by the Labour party as evidence that Mr Lamont had misused his comparisons.

It was the closest any embassy so far has come to getting embroiled – seemingly unwittingly – in a campaign controversy. And it probably explains why the Germans have in recent days steered clear of any comment whatsoever.

As one German diplomat put it: "To ask any diplomat what he thinks about the British election is a very sensitive question."

The economic inheritance



Source: Datastream

THE ECONOMIC strains caused by rising inflation, aggressive trade unions and an uncompromising monetary policy in Germany will make the remainder of 1992 a tough time for the British economy, regardless of the election result, writes Edward Balls.

It is Germany which is currently suffering from the kinds of industrial strife that plagued the UK in the late 1970s. The expansionary effects of German unification have pushed up Germany's inflation rate. But the public sector unions are demanding even higher settlements for this year and threatening to strike if their demands are not met.

None of which is good news for the UK, France or other European countries whose interest rates are tied to those of Germany in the European exchange rate mechanism.

The UK and France are both suffering from slow or zero growth and rising unemployment and would like to lower interest rates, to stimulate growth. But the Bundesbank looks set to keep German, and therefore European, interest rates high, probably for the rest of this year.

The winners of the UK election will have to endure slow economic growth throughout 1992. The combination of high real interest rates and heavy household debts will continue to discourage consumers from borrowing and spending. The result is that already high UK unemployment will have to rise further.

One positive side-effect of the depth of the recession is that UK wage inflation might fall to European levels this year. The cost in terms of lost output and jobs will have been high. But unless wage inflation does fall, the competitiveness of UK exports will continue to deteriorate and Britain's current account will remain in deficit.

This will not be a good background on which to fight a second election this year. No wonder both parties were praying for a clear majority.

From revolution to recovery

Radical zeal is ebbing as Iran goes to the polls. Michael Field reports

The parliamentary elections which take place in Iran today may mark the end of the country's international isolation if the moderate politicians who seek to liberalise the economy and forge better relations with the world outside strengthen their hold on power.

President Ali Akbar Hashemi Rafsanjani has been moving Iran in a pragmatic direction since he came to power after the death of Ayatollah Khomeini in 1989. He has been aided by the fact that, outside parliament, where the influence of radical deputies has only recently been weakened, Iranians' revolutionary zeal has ebbed in the past few years. The country has been isolated in international arenas and is on the defensive; and it is short of money. It is coming to terms with the loss of 13 years' potential economic growth since the revolution of 1979, and realises its economic position is far worse than it was a decade ago.

It suffered great material damage in the war with Iraq in 1980-88, when two of its main towns, Abadan and Khorramshahr, were reduced to rubble, and an international trade embargo caused its industry to run at a quarter of capacity. Since the revolution, meanwhile, Iran's population has grown from 34m to some 55m-60m, one of the highest rates of increase in the world. This boom will soon lead to the appearance of a large class of unemployed young men. Every building in the country seems to need refurbishment. Most vehicles and machines are worn out.

Government organisations and banks have lost touch with the conventions of international business. Relatively little English is spoken. Credit cards are unknown and travellers' cheques viewed with suspicion. Most of the economy is run by big corporations of the old east European type, which have functioned without the need to compete either in the domestic or global arenas.

In its efforts to stimulate economic recovery, Iran can rely on oil revenues running at about \$15bn a year. It is trying to increase its oil export capacity from 2.4m barrels a day to 3.8m b/d by the end of 1994, but this target is optimistic and even if it can be achieved the investment in production facilities will cost nearly a year's oil revenue.

Any of the annual \$17bn in hard currency earned from exports that is not being spent on the oil industry is going to subsidise basic foodstuffs, mostly imported, at a cost of \$4bn a year; to pay for a vigorous re-armament programme, much of it involving the development and assembly of weapons in co-operation with Pakistan and North Korea; to finance reconstruction of the country's infrastructure and a few new projects; and to get existing manufacturing industries back into production.

Fortunately, the government has little debt to service. At the end of last year, its obligations on medium-term loans and 360-day letters of credit were a combined total of \$12bn. Although the state and private business have repayment records described by a western banker in Tehran as "exemplary" the build-up of official foreign debt from virtually nothing three years ago has been fast enough to cause Britain's Export Credit Guarantee Department to call a meeting of European export credit guarantee agencies in London in February to review Iran's position.

Clearly, Iran's resources are being stretched and the government is having to make some tough choices. Advised by the International Monetary Fund whose influence is denied because officially the body is regarded as an instrument of the hated Americans, it has started a programme of reform.

First, Iran is trying to reduce its foodstuffs subsidies and eliminate the subsidies to some industries – both of which come in the form of preferential exchange rates.

At present basic foodstuffs are sold on the fictitious basis of their having been imported at 70 rials to the dollar, and some state corporations are granted foreign exchange at a rate of 600 rials. But the "real", free market rate, used by the private sector, is 1,440 rials to the dollar. The government has already eliminated a few items, such as chicken, from its subsidised foods list and it aims to drop the rest – including rice, bread and sugar – and amalgamate the three exchange rates by the spring of 1994 or 1995. It is being resolute in this action. As the minister of mines and metals, Hussein Mahlouji, says: "Whatever happens, we are not going to borrow just to feed our people – that is sure."

'We attacked the Shah, the US and Britain, and now we realise we were wrong to do it,' says a Tehran taxi driver

The plan is to drop food subsidies over this year and next, and at the same time to increase the salaries of the poorer government employees. In theory the government will only be switching the way in which it helps the poor from one method to another, but given that the private sector is bound to have to follow the wage rises, the effect will be inflationary.

Writing on the wall: Iranian reading campaign posters for the parliamentary election; right, President Ali Akbar Hashemi Rafsanjani

Inflation is already running at more than 20 per cent annually. In parliament recently the notorious "hanging judge", Sadeq Khalkali, declared: "God bless Hoveyda [the Shah's prime minister whom he had executed after the revolution]. Under him, a Bic biro stayed at five rials for 13 years. Now the price of chicken is going up by the hour."

The second arm of government reform policy is an attempt to stimulate growth through the privatisation of companies seized after the revolution. In the past two years, the government has floated shares in 70 companies and it has recently decided to privatise 15 more, including the big vehicle assembly businesses. Some smaller enterprises are simply being handed back to their former private owners.

Iranians who are well informed and working outside the government are sceptical about whether either of the government's major policies will be a success. The relentless growth of population and the pressure this will put on family incomes may force the government to keep its food subsidies in place, because it will not want to alienate the poorest classes, who are its main constituents. And privatisation may not generate sufficient growth to provide the new masses with employment.

The failure of either policy would only increase people's disenchantment with the government. Ever since the revolution, ordinary Iranians have felt free to speak their minds on politics, and grumbling has been commonplace, but recently their disillusionment has become deeper.

"After the revolution, I returned from studying in Britain because I wanted to help my country in the war," says a taxi driver. "I joined the Baseej [the volunteer army used in the early mass attacks against Iraq] because I believed that it doesn't matter what you do, if God wants you to stay alive you will. But now everybody I know is disappointed with the revolution. We attacked the Shah and America and Britain, and now we realise we were wrong to do it – but it's too late."

Rising prices and political disenchantment have led to a number of strikes and other minor disturbances in the bazaars, in one or two of the universities and in state-owned corporations. The government, remembering how it came to power itself, has been anxious to suppress these manifestations of unrest. In fact, for the time being there is little for the government to fear because there is no plausible opposition to the basic concept of Islamic government either in the country or among Iranians living abroad. The traditional focus of opposition under the Qajar and Pahlavi monarchies was the clergy, and the clergy is now in power.

The government's response to its problems is to increase the dose of medicine it is already giving the economy to try to liberalise it faster. It wants foreign investment, but so far, although there have been many inquiries, hardly any companies have committed themselves. The concern is not the ambiguity of the constitution on foreign investment, but worries about political stability. "Iran needs a sense of political acceptability if it is to get investment," said the ambassador of a neighbouring country. "So far not even the Japanese banks and government are signalling that Iran is an area where Japanese companies [which do a lot of trade with Iran] should go forward."

The government is hampered in changing its image overseas in two ways. First, it faces obstruction from within the ranks of the clergy. The moderates who at present dominate the government favour a freer economy, a bigger role for the private sector, better relations with the outside world, and, possibly, a freer society and freer dress code in Iran. The radicals want social and economic "justice", they are anti-capitalist, against the minor luxury imports of the private sector and anti western "arrogance" and "cultural aggression". They fear a re-opening of a US embassy in Tehran, and they want, or pretend to want, direct Iranian intervention in the fight against Israel. The president,

Subsidies for foodstuffs and industry, in the form of preferential exchange rates, are on their way out

Mr Rafsanjani is moderately inclined, but he normally tries to stay above politics.

Most Iranians of the middle and working classes seem to hope that the radicals will be decisively beaten in today's elections, though the outcome may be distorted in the radicals' favour because their supporters are more committed to their cause and are thus more likely to vote.

If the radicals do badly it is feared that they may organise some international outrage in order to frustrate the government's opening to the outside world. There was great satisfaction in the radical press after agents of a remaining radical clique in the government murdered the Shah's last prime minister, Shahpour Bakhtiar, in Paris last summer.

The government cannot simply imprison the radicals because within certain limits it believes in democracy. Internally Iran is much freer than most westerners imagine.

The other difficulty the government faces is that it cannot abandon its revolutionary Islamic rhetoric. The reality is that the revolution is nearly dead – except in the radicals' support for organisations such as Islamic Jihad, the armed revolutionary group, and other similar organisations abroad – but nobody in government can afford to say it. To do so would be to betray the Imam Khomeini and the 400,000 young men who died in the war against Iraq. Anyone visiting Iran is continually reminded of these "martyrs". The country is one of new cemeteries and memorials, like France after the First World War.

Maintaining a revolutionary image is still very important. When 100 Danish MPs recently signed a letter asking Iran to cancel the sentence on Salman Rushdie, the author condemned to death for writing the novel The Satanic Verses, the government felt obliged in public to dismiss their idea. But the newspaper Jomhuri Islami (Islamic Republic) explained the real government position in an editorial: "Given that the Imam's edict that Rushdie must be killed is irrevocable, attempts such as this to exert pressure on the Republic can only be considered attempts to keep the episode alive. This is what international Zionism is desperately after."

In other words, the mainstream of the Iranian government cannot overturn an edict of the revered Ayatollah Khomeini and it wishes that westerners would understand this fact and not embarrass it by referring to the sentence when, it feels, they should know perfectly well that it is not doing anything to carry it out. The truth is that the Iranian government wishes that the death sentence on Rushdie, and some of the other embarrassing revolutionary impediments it carries, would simply fade away. Its problem is that it cannot say so in public.

If more moderate deputies are returned in the elections, this situation will not change overnight. However, an increase in the number of moderate deputies will free the government of some of its inhibitions – both about being more friendly to the western world and about pursuing its economic liberalisation policies.

THE PROPERTY MARKET

Why bricks are no longer bankable

By Vanessa Houlder

The collapse of the commercial property market in Britain has had an unusually wide airing in the media recently. But does it really matter to anyone who is not directly involved?

The market's problems, it is sometimes argued, are solely the concern of overstretched developers, their banks and the property profession. But there is a strong case that a property crash on this scale has implications for the country as a whole.

First, the sector's problems are very visible. The overbuilding of the late 1980s has left a trail of empty buildings in its wake. Cities are blighted by the empty hulks of dilapidated office blocks awaiting demolition, as redevelopment projects have become unviable. Rows of empty shops give town centres a neglected, depressed atmosphere, damaging the business of neighbouring retailers.

But a second – and even more important – matter concerns the importance of property to banks and business.

Three quarters of bank lending is dependent on property, says Mr Julian Robins, a banking analyst at BZW. "The size of the banks' asset base which is reliant on property is mind-boggling." This is illustrated by the striking relationship between the UK banks' bad debts and commercial property prices.

The banks' exposure to property is three-fold: their own branches and offices; their loans to property companies; and as the security that underpins their loans.

The falling value of property that is used as security is perhaps the most important aspect of this problem, although it is difficult to quantify so it is often ignored. "This is potentially the largest and most frightening [threat], the one that gives bankers the biggest headaches," says Mr Robins of BZW.

The collapse in property prices affects the banks' ability to make new loans – as it cuts into their capital base – and their willingness to do so.

The UK banks play down the concern about a "credit crunch" resulting from their difficulty in making new loans. "It is an exaggeration," says Mr Bruce Kensall, head of marketing and communications at Barclays. "It is not the availability of money that is the problem but good opportunities to spend it," he says.

But there is no doubt that banks are being more cautious. "One is being more discerning as a result of bad debts," says Mr Kensall.

The fall in asset values is an important ingredient of this cautious attitude. "If asset prices fall, the collateral provided by these assets will diminish in quality and lending institutions may become increasingly reluctant to lend to companies, leading to a decline of investment, demand and output," said a report by the London Business School last year.

"The banks are frightened of lending on collateral," says Mr Robins. "This factor is having a huge effect on new lending."

The Forum of Private Business, a lobby group for small businesses agrees. "Falling property prices are having a sizeable impact," says its spokesman Mr David Harrop.

For the most part, the problem is confined to new loans. But in some cases, banks are accused of pulling in existing loans, when the loan covenant has been breached as a result of a fall in asset value.

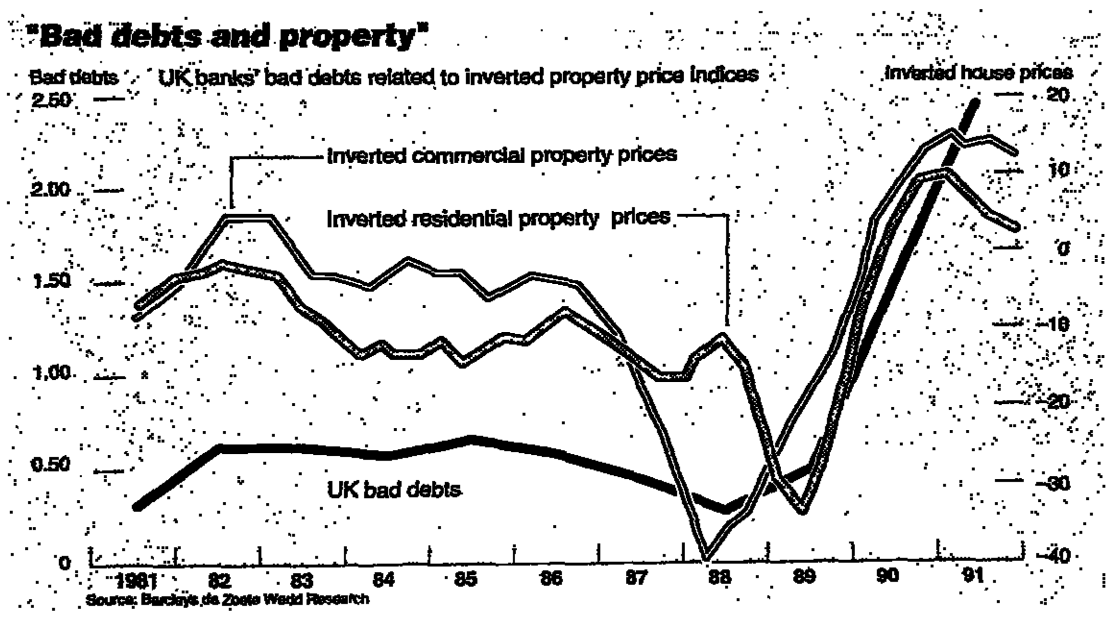
Banks stress that they are not looking for excuses to call in loans if there is a prospect of a company covering its interest payments. Moreover, the slump in the market means that a forced sale of a property would often not recoup the value of the loan. (On average, this would happen with a fall of more than 30 per cent of the property's value.)

Businesses do not necessarily take solace from this point. They fear that loans will be called in when the market recovers. Moreover, they fear that banks are demanding extra security to cover themselves against falling asset prices.

"Bank managers say they need more security. But as soon as they have more security to make sure the loan is covered, they call it in. There is a lot of sharp practice," says Mr Stephen Alambritis of the Federation of Small Businesses.

But there is a silver lining of sorts for some businesses. The landlords' problems represents opportunities for their tenants. While tenants locked into upwards-only leases are benefiting little from the property recession, those seeking new premises have low costs and an exceptionally wide choice on offer.

"Bad debts and property"



Source: Barclays de Zoete Wedd Research

Poll fever grips surveyors

The great and the good of the UK's chartered surveying world yesterday took a break from considering the future of the country, and instead considered the future of their profession.

The General Council of the Royal Institution of Chartered Surveyors (Rics) met to vote on a package of reforms which, if agreed, would herald the most thorough overhaul of the institution since it was granted its royal charter in 1881.

The case for reform of this inward-looking and bureaucratic organisation is a strong one. Indeed, only the most hidebound organisation could describe as radical the following proposition: "Today's market, not yesterday's traditions, must dictate the institution's decision making".

The main thrust of the reforms is to introduce a heightened awareness of the needs of the surveyors' customers. Half a dozen "market panels", composed of small groups of experts (rather than committee time-servers) would mull over the needs of different parts of the market.

If the Rics is to avoid merely adding extra layers of bureaucracy it will have to reduce its swathes of committees and divisional councils. As well as cutting down the bureaucracy, such a measure would save money that would be channelled into the new panels and into a more effective promotion of the profession.

The future of the very title "chartered surveyor" is also under discussion. Although a cherished and distinctive soubriquet, it means little outside of Britain or to the general public. The Rics leadership would like to add the phrase "the property profession" alongside the title, in place of the existing overlong strapline "making land, property and construction work better for people".

However, his may not be welcomed by surveyors working in areas away from the property market, such as minerals or agriculture.

The Rics leadership would also like to start a debate on constitutional reform of the institution. This is a thorny matter: existing divisions are unlikely to want to reduce their power, while critics of the Rics are unlikely to feel that the proposals go far enough.

Although the institution's leadership is bound to run into opposition on some points, it thinks it has struck a good compromise. "This is not the counsel of perfection but radical steps in the right direction," says Mr Christopher Jonas, the institution's senior vice-president.

The aim of turning round a cumbersome, old-fashioned organisation is commendable. If it succeeds without tripping itself up over its own internal politics, it will be even more so.

COMMERCIAL PROPERTY

INTERNATIONAL PROPERTY

BUSINESSES FOR SALE

LEGAL NOTICES

Notice of intended dividend
In the matter of
THE INSOLVENCY ACT 1986
and in the matter of
PRINCESS AIR PLC

NOTICE IS HEREBY GIVEN that it is my intention to declare a first dividend to unsecured creditors of the above-named company no later than 31 May 1992. Creditors who have not yet done so are required, on or before 30 April 1992 to send their proofs of debt to the undersigned Timothy Richard Harris of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ, the liquidator of the company and, if so requested, to provide such further details or produce such documentary or other evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt by the date specified will be excluded from the dividend.
Signed: Timothy Richard Harris, Liquidator
Dated: 6 April 1992 NOTE: The dividend is expected to be in the region of 5%

IN THE MATTER OF
THERMAL
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986

In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that V M Bairstow and N Ruddock of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members and creditors on 30th March 1992.
Dated this 3rd day of April 1992
V M Bairstow and N Ruddock
Joint Liquidators

COLLIER STREET CONSTRUCTION LIMITED
(In administrative receivership)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a Meeting of the Unsecured Creditors of the above-named company will be held at the offices of Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex RH10 1HY on the 24th day of April 1992 at 11 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and
(b) there had been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 8th day of April 1992
N Ruddock and N H Cooper
Joint Administrative Receivers

THE INSOLVENCY ACT 1986
E & C (CHARLES FULTON HOLDINGS) LIMITED
Company Number: 00487303

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at 186 City Road, London EC1V 2NU on 24th April 1992 at 11.30 a.m. for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU not later than 12.00 noon on 23rd April 1992.

A list of the names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU on 22nd April 1992 and 23rd April 1992 between the hours of 10.00 a.m. and 4.00 p.m.
Dated this 3rd day of April 1992

THE HIGH COURT
In the Matter of
CH (IRELAND) INC.
and
In the Matter of
THE COMPANIES (AMENDMENT) ACT, 1990

NOTICE is hereby given that a Petition for the protection of the Court and the appointment of an Examiner to the above named Company was on the 3rd day of April 1992 presented by the Central Bank of Ireland and by Order of Mr. Justice Murphy the said Petition is directed to be heard on the 27th day of April 1992 at Court No. 5, The High Court, Four Courts, Dublin 7.
Any Creditor or contributory of the said Company wishing to support or oppose the appointment of the Examiner may appear on the said day for that purpose and a copy of the Petition will be finished to any creditor or contributory by the undersigned on payment of a reasonable charge for the same.
TWEEDY & CO.
Solicitors for the petitioner
16 Clanwilliam Terrace
Dublin 2.
NOTE:
Any person who intends to appear at the hearing of the said petition must serve on, or send by post to the above named-Petitioner or its Solicitors, notice in writing of his intention to do so. The notice must state the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above named Solicitors or the petitioner not later than 5 o'clock in the afternoon of the 24th day of April 1992.

Advertisement of Creditors meeting under Section 48(2) of the Insolvency Act 1986

CORNMEAD LIMITED
Company No: 1454889
Business address: Newtown Road, Henley Oxon, England.

CENTRAL GARAGES (HENLEY) LIMITED
Company No: 2086614
Business address: Newtown Road, Henley, Oxon, England.

CENTRAL GARAGES (BRACKNELL) LTD
Company No: 2396837
Business address: Longshot Lane, Bracknell Berks, England.

R TABBITT LIMITED
Company No: 1106288
Business Address: Mill Lane, Henley, Oxon, England.

TABBITT TWO LIMITED
Company No: 2090206
Business address: Henley Road, Caversham, Berks, England.

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at: Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ on Monday 27 April 1992, at 2.30 pm. for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 24 April 1992, written details of the debts they claim to be due to them from the companies, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Date: 8th of April 1992.
C J Barlow & C J Hughes, Joint Administrative Receivers.

COMPANY NOTICES

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
ONTARIO & QUEBEC RAILWAY COMPANY
5 PER CENT DEBENTURE STOCK
6 PER CENT COMMON STOCK

In preparation for the payment of the half-yearly interest payable on June 1 next, the debenture stock transfer books will be closed at 3.30 p.m. on May 4 will be re-opened on June 2.
The half-yearly interest on the common stock will be paid on June 1 to holders of record on May 1.
D.R. Keast
Deputy Secretary
62-65 Trafalgar Square,
London, WC2N 5DY
April 12 1992.

هكذا من الأجل

MANAGEMENT

Lucy Kellaway finds British Airways' name-dropping chairman in full flight

In the court of Lord King

MY OFFICE

Lord King of Wartnaby has just arrived back at his St James's office from a long lunch across town. The 74-year-old chairman of British Airways is late, and does not look in a particularly good mood. "Close the door, there's a good man," he growls, a fat cigar stub between his lips, at his PR man. The message does not get through. "Jane," he bellows at one of the two secretaries who sit outside, guarding his office. "Close the door."

The task accomplished, he turns his attention to the job in hand: writing "King" with a beautiful black and gold fountain pen on gaudy certificates that each British Airways employee receives after 25 and 35 years of service.

"Well?", he says, abruptly starting the interview. His PR man, a wheeler-dealer from Northern Ireland, and a good match for his boss, shows him a clipping of a previous article in the "My Office" series. "'Sir Christopher Hogg does his own filing'" Lord King reads out aloud. "Does he, indeed?" he scoffs and casts the paper aside.

Warming to the task of describing his own spacious room, Lord King starts with his large collection of pictures and photographs that cover the walls and are stacked on bookcases and side tables.

He gets up from behind his heavy, leather desk and lumbers over to the photographs. "There's me with the Pope, and my wife with the Pope," he starts. "That is me in the Oval Office with Bush, me with John Major outside Number 10, and me with Billy Graham." He rattles through the collection at great speed. Clearly this is not the first time he has shown them off.

Lord King is fussy about who he has his picture taken with. He does not like being snapped with a cigar or a drink in hand: however, he once arranged to have the schedule of Corcorde changed so that he could be photographed beside it at Heathrow.

"That's me on holiday with Reagan," he continues, pointing at a photograph of the two men in cowboy gear, enjoying a week's holiday with the "Rancheros" riding down the west coast.

Horses feature strongly. There are many pictures of him hunting with his daughter; there is even a sickly oil, showing the two returning after a hunt at sunset.

Lord King's office leaves one in no doubt that the man is a name dropper and a lover of expensive things. The polished wooden furniture does not have the cheap reproduction sheen of most "traditional" offices; Lord King's has a more worn, blue-blooded look about it.

Yet blue-blooded is exactly what the man is not. He comes from humble origins and started out selling second-hand cars. Rather than capitalise on his rags-to-riches success, he prefers to draw a veil over the rags – showing an insecurity that is so blatant, and so unnecessary, it is almost touching.

His is the old-fashioned style of management: he rules with charm of a pugnacious kind, pays no lip service to modernity. There are no computers in his room: "You have to manage, not let yourself be managed by computers. I've got plenty of people to tell me what computers do," he says.

In addition to the two top secretaries, he has as a special adviser, Sir Francis Kennedy – whose distinguished Foreign Office career King races through by way of introduction. "If I'm going to a foreign country, he organises for me to see the prime minister or president."

It is on this level that King operates best. His contacts are impressive by any standards; he is a great fixer. By his side is Sir Colin Marshall, the chief executive who plays the professional manager.

King, by contrast, is not frightened to take decisions on impulse. On a large dining table in the middle of the room, a single letter sits next to a model of a British airways jet.

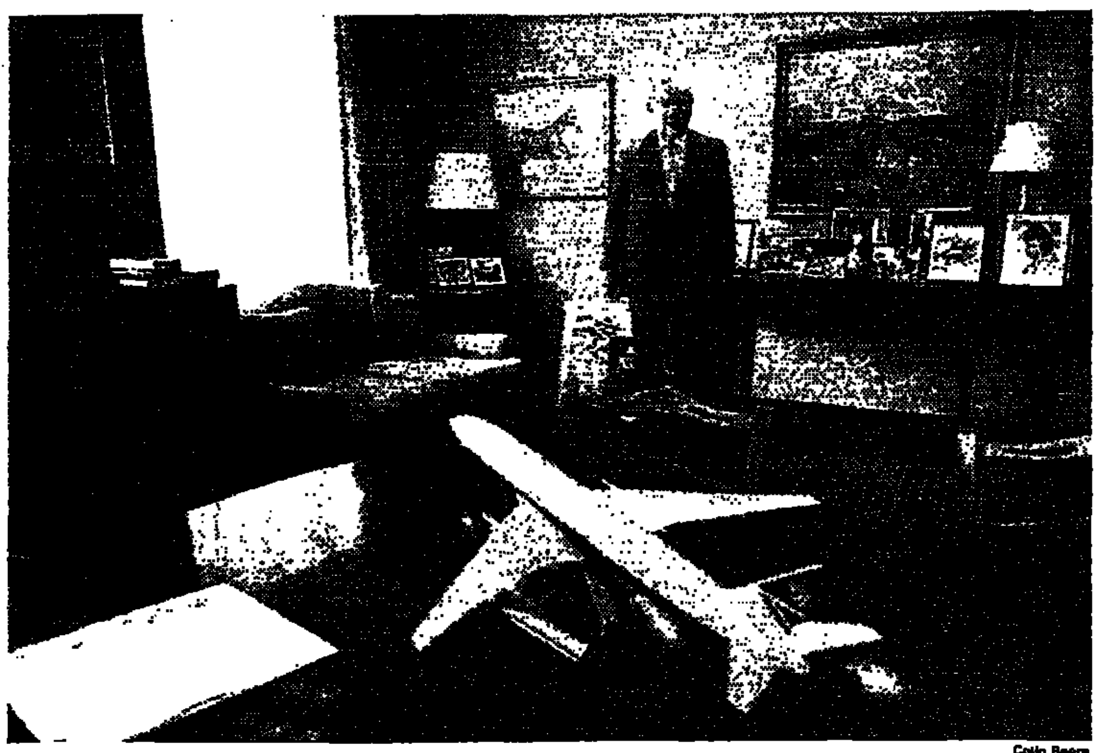
"The table is very convenient for anything that is impossible to answer. If I put something there I know I must tackle it," he says. What is the letter? He can't remember and moves over to check. "Someone wants me to do something. I don't know whether I should or not. Yes, perhaps I will."

What about his average day? When he is in London ("The week before last I was in Venezuela, last week I was in New York") he puts in long hours.

He starts reading papers at five each morning. He gets into the office early, talking on the phone in his private London taxi as he goes.

It is good preparation for a day of solid talking at the meetings that his secretary has set up back-to-back, months in advance. "Secretaries love to fill up diaries", he says. "Its my job to deal with it."

A favourite slot in the day is



Colin Beere
Lord King with photographs: 'That is me in the Oval Office with Bush, me with John Major outside Number 10'

lunch. If on his own, he goes to White's, his club. If he is entertaining, it is Green's, either in St James or in Westminster.

The advantage of trekking across to Westminster is that he can keep an eye on his political friends. Otherwise he goes to the Savoy Grill which, he says, is where "all the editors of your distinguished profession" eat their lunch.

Lord King is not particularly articulate and tends to sound pompous.

"My office has reminders and comforts of a certain tranquility," he says, summing up its charms.

On the way out, he stops in his secretaries' room to show off their word processors, which are neither new nor remarkable. He points out the four clocks showing the times in different parts of the world, suddenly noticing that something is amiss.

"That clock is not straight," he says, lunging at it.

Behind his back, his secretaries exchange looks: exasperated, but not unaffectionate.

Revealed: how to pull off the Italian job

Haig Simonian reports that billion lire executive pay packages excite only limited Latin passions

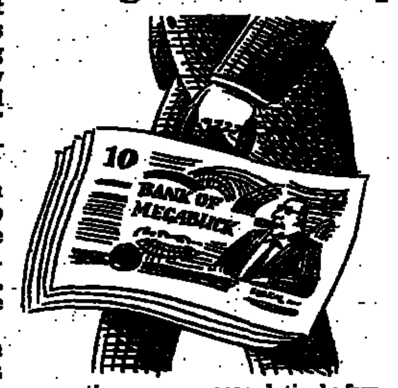
British and American executives, reeling from criticism of their "excessive" pay rises, will draw little comfort from their Italian colleagues' recent plight.

The sums earned in Italy are just as large, yet the public outcry that greeted the disclosure in the press of the tax returns of some leading public sector managers was pretty perfunctory. Despite the ritual yearly disclosures, "top people's" pay in Italy is not particularly contentious.

Topping this year's list with L1.9bn (£885,700) was Pier Giusto Jaeger, deputy chairman of the STET telecommunications group. Two state-sector bankers followed, both also declaring incomes of more than L1bn.

The brevity of the salaries' storm derives from the fact that it is largely artificial. The earnings, published by the prime minister's office, represent not just pay, but total income. Many of the "top 10" immediately emphasised that the figures included items like consultancy, dividends and royalties.

Laws and culture explain why



executive pay arouses relatively few passions in Italy. Unlike Britain and America, companies are not obliged to disclose directors' earnings, and annual reports are silent on the subject.

Eager sleuths can drop into the local tax office, where a company's annual returns include details on executives' pay. But few take the trouble. This may be the result of the chummy relationship between big companies and the press, which stifles investigative reporting. "People are quite well protected in that respect," says Patrizia Macaluso of International Human Resources, the Milan-based consultants

Yet some information is available. Although non-disclosure rules apply as much to public as to private companies, details on state sector pay are easier to come by.

The salary of Franco Nobili, chairman of IRI, Italy's biggest state holding company, and Gabriele Cagliari, who heads Eni, the second biggest holding group, are published in the Official Gazette. The latest figure, which dates back to 1987 in the *case of Eni, shows the chairman* earned L250m. The same figure is quoted by IRI for its chairman.

Meanwhile, headhunters can shed some light on private-sector pay. Most agree that the chief executive of a quoted company, with sales of around L1,000bn, should make about L500,000m-L600,000m. But they emphasise that private sector pay levels can differ widely, even between similar sized companies.

"In the very biggest groups, earnings can easily exceed L1bn," says Lodovico Floriani, chairman of Hay Management Consultants in Italy.

The lack of uniformity stems from the very personal nature of Italian business. Most big, private-sector groups, even when quoted, are dominated by an individual or family shareholder.

Top executives' pay can depend as much on owners' whims as on *comparative salaries. Shareholder-* chairmen like Fiat's Gianni Agnelli and Carlo De Benedetti of Olivetti are highly influential in deciding pay levels.

Personal considerations are also paramount. Floriani says that while a company's performance, inflation and the general economic climate play a part, pay rates are also affected by the rapport between a hired executive and the controlling shareholder, who is usually chairman.

Even at the highest levels, public sector salaries are appreciably lower, with earnings seldom exceeding L500,000-L600,000. But here too, figures can be deceptive. For high profile jobs like the IRI and Eni chairmanships, non-salary perks boost earnings that need to look restrained for political reasons.

Non-salary perks can account for *as much as 50 per cent* of the total for some top state industry jobs, the headhunters reckon. Job security can also compensate for lower pay levels when working for the state. Italy's public sector plays a much bigger role in business than in most other European countries.

Top appointments are highly politicised, with a delicate balance between representatives of the governing parties on the boards of the big holding companies and their subsidiaries. However, a senior executive belonging to one of the main parties can usually expect a job for life.

Public sector pay rises appear to be handled much more objectively than for private companies. IRI uses Hay Management Consultants to advise on a "policy line" each year, which is then implemented with a variation based on performance.

Jobs are ranked on the basis of "Hay points", to which appropriate salaries are ascribed. But the system also allows for differences of up to 20 per cent on either side of the base level, depending on personal evaluations.

Both public and private-sector executives put a car first when it comes to perks. In deference to the domestic motor industry, that usually means a big Lancia Thema or Alfa 164. Chauffeurs are not uncommon, even below managing director level, and the number of aerials sprouting from the car's bodywork tends to indicate the occupant's importance.

Insurance is the other standard perk. Senior executives expect both private health insurance and private pensions, along with life cover as part of their packages.

More surprisingly for a country where second or even third homes are common, few managers would demand a place in the country as a perk.

"If a top executive takes some holiday, the last place he'll go is somewhere where he might risk bumping into his colleagues," says one consultant.

TECHNOLOGY

Designing chips that defy logic

Louise Kehoe looks at a faster way of building the next generation of semiconductors

Defying conventional wisdom that American semiconductor chip makers lag their Japanese competitors in manufacturing technology, LSI Logic, a leading Silicon Valley chipmaker, has developed what it claims is a world-beating semiconductor production process.

LSI's technology will enable the company to produce chips with about twice as many miniature transistors as today's most complex commercial devices. This level of chip density could make the much vaunted "computer system on a chip" a reality.

By reducing the "line width" of circuit elements on a chip to just 0.6 micron, LSI appears to have leap-frogged its competitors. The process is "clearly one step ahead of most of the competition," says Ron Collet, principal semiconductor analyst at Dataquest, a US market research group.

LSI's feat is surprising, not only because it comes from a US chipmaker but also because LSI's semiconductors are not mass-produced memory chips like those which the Japanese have turned into a commodity product. Instead LSI is a specialist in the production of Application Specific Integrated Circuits (ASICs), semiconductor devices tailored to meet the needs of individual customers.

Traditionally, memory chip makers such as Hitachi, Toshiba and NEC Japan have led the chip-density race. Dynamic Random Access Memory (D-Ram) chips have been used as a vehicle to prove new semiconductor production processes.

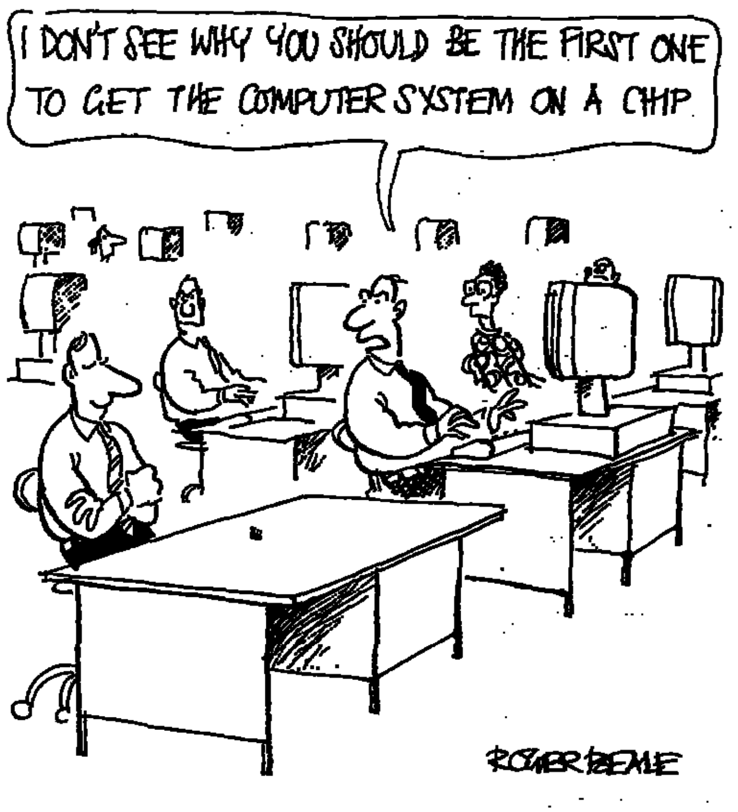
When several US chip makers dropped out of the D-Ram market in the mid-1980s in the face of mounting Japanese competition and alleged Japanese "dumping" of D-Rams at prices below production costs, a concern among US semiconductor industry and government officials was the potential impact upon the US chip industry's ability to keep pace in process technology.

Fears that US chip makers would not be able to develop leading-edge chip-making technology without D-Rams to drive them led to the formation of Sematech, an industry consortium that receives half of its funding from the US Defence Department.

Sematech set ambitious goals to develop world-beating manufacturing techniques or "process technology" on behalf of its US semiconductor industry members. LSI Logic was one of the 14 founding members of Sematech, but in January the company withdrew from the consortium, saying that its research and development funds were better spent internally.

LSI had recognised that the process technology requirements of its ASIC products were diverging from those of mass production commodity chips such as D-Rams, which remain the focus of Sematech's efforts.

Indeed, the notion that D-Rams are a critical "technology driver" for the semiconductor production process has been widely called into question by US semiconductor experts over the past few years. However, for LSI Logic, the development of leading-edge process technology was imperative if the company was not to sink beneath the rising tide of competition.



With revenues last year of close to $700m, LSI ranks as the eighth largest US semiconductor producer, but it is dwarfed by Japanese competitors.

To accelerate its process technology development time, LSI turned to computer simulation as a faster, cost-effective method to advance process technology. While it can take several weeks to get the results of an experimental production process run, the same results can be obtained using computer simulations in a matter of days.

A long-time expert in the use of simulation in the design of semiconductor chips, LSI put computer modelling to work for itself. The company acknowledges that it also drew upon research performed at several US universities that was funded by the semiconductor industry's Semiconductor Research Corporation, to which it contributes.

LSI also made the decision to refit its California production facility, which might otherwise have been closed down, for research uses and pilot-line production, thus providing its R&D team with faster access to a factory test bed.

The result, says Wilfred Corrigan, chairman of LSI Logic, is that the company has accelerated its "learning cycles", the number of experimental production runs (real or simulated) that it can perform in a given period. But getting one step ahead is not enough in the highly competitive chip market. To maintain its process technology lead, LSI will have to continue to redouble the pace of process innovation.

Already, however, LSI Logic has created a quandary for its competitors. Typically, the largest Japanese semiconductor producers "recycle" their semiconductor plants. New plants are designed for the latest generation of D-Rams, then after a few years they are turned over to produce microprocessors and ASICs, and ultimately to chips such as those used in calculators and consumer electronics products.

By applying the latest semiconductor production technology to ASICs, LSI aims to gain a competitive advantage over much larger companies that do not focus their process development efforts on this segment of the semiconductor market.

FBI sets snare for hackers

It's difficult to look natural while committing a computer crime. A sweaty brow or quickened heart beat is not going to give you away, but activities like logging on in the middle of the night or accessing a file that you normally have no interest in, may.

For a year now, the US Federal Bureau of Investigation has been testing a new kind of security system which attempts to trap malicious computer users, or intruders masquerading as staff, by highlighting statistically-unusual behaviour.

At present the system is confined to one IBM mainframe serving three or four field officers in the Washington DC area, but there are plans to extend it across the country.

Over the next few years similar systems are likely to surface at other sensitive computer sites in government agencies, defence ministries and also the armed forces.

The FBI's package, called Intruder Detection Expert System (Ides), has been developed over six years by SRI International of Menlo Park, California, with $2.5m (£1.5m) of funding, mainly from the US Navy. The software monitors individual users and groups of users and builds up a historical profile of their "normal" behaviour on the computer.

It then monitors their current activity, and sends out an immediate alert if there is a significant difference between the two.

In this way Ides detects intrusions that go unnoticed by conventional password and access-control systems. For example, it can detect hackers who have gained access to a computer through exploiting unknown vulnerabilities.

The FBI has uncovered some "interesting events" says Teresa Lunt, programme director at SRI. "Typically," she says, "they're concerned that a user might be providing information to someone on the street. An FBI employee who normally works on stolen cars, for example, might be contacted by a drug-related criminal and asked to look something up."

FBI cases tend to overlap departmental boundaries, says Lunt, so computer users may have the authority to access a wide range of files. With Ides, however, they will be asked to justify any unusual actions.

Ides also includes a second kind of snare – it is able to recognise specific actions that are regarded as suspicious, such as a string of unsuccessful attempts at logging on. It achieves this with an expert or "knowledge-based" system programmed to look for particular sets of circumstances.

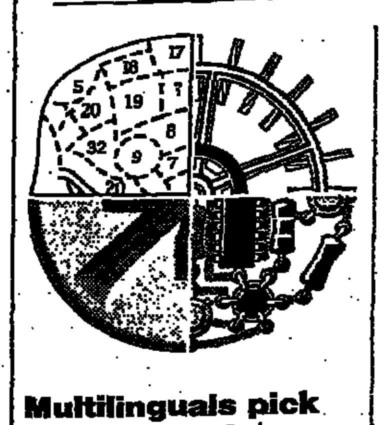
Hackers are predictable, says Lunt. "There's a cookbook of ways to break into a Unix or Vax system for example – you can encode that information and look for those particular exploitations."

Lunt says the prototype Ides, which runs on a Sun workstation connected to the computer being monitored, may spawn a product within two to three years.

The institute has funding for another three years of research but "we think we can start turning out useful prototypes now," says Lunt. SRI is not product-orientated but the research group is looking for a joint-venture partner to bring Ides to market.

Ian Holdsworth

Worth Watching · Paul Taylor



Multilinguals pick up the telephone

BUSINESS today is increasingly conducted on a global scale, requiring efficient communications in many languages. But while the telephone is often the most convenient medium, few companies can provide multilingual operators round the clock.

Syntellect, an Arizona-based company, has developed what it claims is the first multilingual interactive voice response (IVR) system which recognises and understands six different languages when a caller phones in. Once into the system, the caller can then select 20 other languages with life-like speech quality achieved through voice synthesis.

The Global-Series IVR, which is compatible with touch-tone and rotary dial telephones, works with most computer systems and allows the caller to access a target database either to input data or to retrieve information and services. Syntellect: US, 602 789 2800; UK: 0628 487777.

The thinking person's chip

A NEW MICROCHIP developed by a British university research group allows computers to carry out complex tasks like financial forecasting and business modelling better than humans, writes Frank Brown.

The chip, dubbed the probabilistic Ram (pRam), mimics the behaviour of brain cells more closely than any previous technology. "This is the first time that some of the important functions of a nerve cell have been harnessed electronically," said JG Taylor of the University of London team which developed the device. "It accepts data from its teacher, makes decisions, changes its connections internally and becomes as good as its teacher," he said.

The pRam contains 256 cells, or neural nodes, and is 1,000 times faster than existing software-based neural networks. By linking them together large-scale artificial neural networks can be created.

In addition to business and financial forecasting, applications include speech, vision and pattern recognition, scientific and statistical modelling. University College London Initiative: UK, 071 636 7668.

Shrinking right out of sight

THE RACE to miniaturise never seems to end. Photocopiers, image scanners and facsimile machines are getting even smaller and lighter as a result of a development by Toshiba, the Japanese electronics group.

Toshiba said it will introduce a new series of linear image sensor modules that are half the size and weight of the conventional sensors based on charge coupled devices (CCDs) which lie at the heart of equipment used to scan and transfer optical data.

The new sensor unit has a simpler structure than traditional CCD-based sensors but can still attain high resolution. Toshiba: Japan, 03 3457 2104/5.

Formula One in the fast lane

RACING DRIVERS need to monitor continuously their vehicle's performance during a race, but until now this has meant diverting their gaze from the road ahead.

GEC Avionics has developed helmet mounted displays, based on the latest military pilot's equipment, which will be evaluated for potential use during the current World Championship Grand Prix season by two Team Lotus Formula One drivers – Johnny Herbert and Mika Hakkinen.

The 46mm x 18mm light emitting diode (LED) display fixed to the helmet shows information such as engine revs per minute and gear selected, plus temperature, pressures and fuel levels. GEC Avionics: UK, 0634 844400.

FT LAW REPORTS

Court appoints substitute arbitrator

GRAZIELLA FERRAZ
Queen's Bench Division
(Commercial Court):
Mr Justice Hirst:
March 27 1992

THE DEATH of an arbitrator appointed under an agreement providing for reference to two arbitrators, does not entitle the party who appointed him to appoint a new one in his place as would be the case on a reference to three arbitrators, and the appropriate procedure is to apply to the court to appoint a substitute.

Mr Justice Hirst so held when dismissing a claim by Rocco Giuseppe & Figli SpA, charterers of Graziella Ferraz, for a declaration that their appointment of a replacement arbitrator in a claim against the defendant shipowners, Tupinave, was valid under section 7(a) of the Arbitration Act 1950. The court made an order appointing a replacement arbitrator under section 10(1)(b) of the Act.

Section 7 of the Arbitration Act 1950 provides: "Where an arbitration agreement provides that the reference shall be to two arbitrators, one to be appointed by each party then ... (a) if either of the *appointed arbitrators* dies ... the party who appointed him may appoint a new arbitrator in his place ..."

Section (10)(1)(b): "If an appointed arbitrator ... dies ... the High Court ... may ... appoint an arbitrator ..."

HIS LORDSHIP said that by a charterparty on the New York Produce Exchange form dated April 29 1083, Tupinave chartered Graziella Ferraz to Rocco Giuseppe.

The arbitration clause provided that any dispute should be referred "to three persons at London one to be appointed by each of the parties hereto".

Disputes having arisen between the parties, Mr John Potter was appointed arbitrator on behalf of the charterers, and Mr Michael Mabbs on behalf of the shipowners.

Those two arbitrators then appointed Captain Baskerville as third arbitrator.

An oral hearing was held in June 1985, after which the arbitrators issued an interim final award dated July 12 1985. They awarded that the shipowners should pay the charterers 82m Italian lire in damages plus interest. They stipulated that they made no order in respect of costs "leaving it that the parties can always, if they so wish, make application at a later date for such an order".

A number of attempts had been made by the charterers to agree costs with the shipowners, but they had proved fruitless. Consequently, the charterers wished to revert to the arbitrators to obtain a final award dealing with costs.

Unfortunately, however, since the interim final award was issued Mr Potter had died.

It was therefore necessary for another arbitrator for charterers to be appointed in his place, to enable them to pursue their application for costs before a properly constituted tribunal.

By letter dated November 16 1990, the charterers' solicitors invited Mr John Besman, a well-known maritime arbitrator, to accept appointment in Mr Potter's place. He accepted on November 19.

By the present originating summons the charterers sought a declaration that Mr Besman's appointment was a valid appointment pursuant to section 7(a) of the Arbitration Act 1950.

Section 7(a) provided that, where the arbitration agreement was for reference "to two arbitrators" and one died, the party who appointed him might appoint another.

Appreciating possible pitfalls under section 7, the charterers also went through the prescribed procedure under section 10 of the Act, which empowered the court to appoint a substitute arbitrator.

Under section 10, if an appointed arbitrator died, any party might serve the other with written notice to appoint, and if appointment was not made within seven days of service the High Court might appoint an arbitrator.

The requisite notice under section 10 had been duly served on the shipowners in Brazil.

Consequently, the originating summons sought in the alternative an order pursuant to section 10(1)(b) that Mr Besman be appointed in Mr Potter's place.

Leave to serve the originating summons out of the jurisdiction in Brazil was granted on January 30 1992 and the summons was duly served. No acknowledgement of service had been received and the shipowners did not appear at the hearing.

As the arbitration clause provided for appointment of three arbitrators, the difficulty in applying section 7(a) which was explicitly limited to cases where the reference was to two arbitrators, was obvious.

In *Re Smith and Services and Nelson & Sons (1890) 25 QBD 545*, where there was a submission to three arbitrators, the Court of Appeal upheld a concession that section 6 of the Arbitration Act 1889 (which was re-enacted as section 7 of the 1950 Act) was inapplicable.

That was followed by Mr Justice Megaw in *Marinos and Frangos v Dulien Steel Products [1961] 2 Lloyd's Rep 192* in relation to a similar agreement.

He went on to hold that the provisions of section 9(1) of the 1950 Act as they then stood, stipulating that an agreement for reference to three arbitrators should have effect as if it provided for appointment of an umpire, not a third arbitrator, brought the agreement back into section 7, so that the agreement was to be treated as providing that the reference should be to two arbitrators.

That avenue was no longer available to the charterers, because section 9 had since been amended by the 1979 Act which repealed section 9(1) in relation to any arbitration, such as the present, to which the 1979 Act applied.

The court must therefore regretfully conclude, in line with the view expressed in *Mustill & Boyd, Commercial Arbitration, ed 2 page 187*, that the charterers were not entitled to invoke section 7 in the present case.

Accordingly, the declaration sought must be refused.

The charterers having gone through all the necessary steps under section 10, and Mr Besman being a thoroughly suitable replacement for the late Mr Potter, the court made the order sought under section 10(1)(b) that Mr Besman be appointed to act as arbitrator in Mr Potter's place.

There was a lacuna in arbitration procedure worthy of rectification now that further statutory amendments were under consideration. The drawbacks were exemplified by the present case seeing that, in addition to the costs incurred in relation to the originating summons itself, the charterers had to undertake two long and expensive service processes in Brazil in order to invoke section 10, rather than the very simple and inexpensive procedure under section 7 which would have been available to them in a reference to two arbitrators.

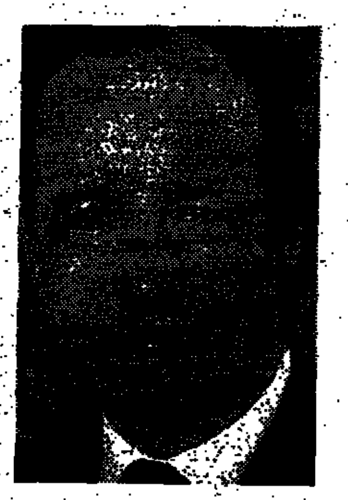
For the charterers: Christopher Butcher (Middleton Potts).

The shipowners did not appear.

Rachel Davies
Barrister

PEOPLE

Sweetening the pill



James Kerr-Muir is joining Kingfisher, the retail group which embraces Woolworth, Comet, B&Q and Superdrug, as finance director. He takes the seat vacated by Archie Norman en route to Asda in December.

Kerr-Muir, 51, spent 22 years at Tate & Lyle, the sugar group, where his last two jobs were finance director and managing director of the UK division. He left in November "to pursue other interests" just after Neil Shaw, then chairman and chief executive of T&L, decided to split the role and appoint someone else.

The Kingfisher team knows Kerr-Muir of old. Geoff Mulcahy, chairman and chief executive, and Nigel Whittaker, corporate affairs director, used to run British Sugar, T&L's fierce rival in the UK market. "Funnily enough," says Whittaker, "we used to sell sugar to each other." Kerr-Muir has no retail experience, Whittaker says, "but sugar experience seems to work well".

Life cycles

Scottish Legal Life Assurance Society, the Glasgow-based friendly society, has taken a big step into the 20th century by appointing its first chief executive in 142 years.

Ron Baxter, 40, will join the society at the end of this month from Scottish Amicable, where he is assistant general manager of sales and marketing. Scottish Legal, a much smaller organisation with total assets of £130m, has only been able to appoint a chief executive since its constitution was changed last year.

The move will also enable it to take advantage of the new opportunities for friendly societies created by the Friendly Societies Act, which was passed in the last week before the election campaign.

At present, the society has 570 employees, and total income for last year was £19m. Like much of the Scottish life industry, it concentrates on selling regular premium with-profits savings policies.

■ National Westminster's insurance services division has a new managing director as the bank restructures its operations ahead of the new life assurance joint venture with Clerical Medical.

Stephen Wells, 43, now takes over as managing director of National Westminster Insurance Services, while his predecessor, Stuart Frost, takes responsibility for integrating the new joint venture company with the bank's organisation.

Wells joined NatWest in 1971, having gone to Royal Exchange Assurance when he left school. He is also a director of Ulster Bank Insurance Services.

■ Robert Gough becomes director of Sun Life Direct Marketing, and will be responsible for all the direct marketing which Sun Life does in conjunction with other companies.

He has past experience with UDT, Save & Prosper, and The Savings Corporation, which may come in useful in the direct marketing side of a company which traditionally sells through brokers.

■ Chris Davies, previously director of information technology at Fidelity International, is appointed general manager (information technology) at SUN LIFE.

■ Jonathon Baker is appointed director, SBJ MARINE REINSURANCE BROKERS.

■ John Ball has been promoted to information technology director, and Bill Rea to director for human resources of NATWEST LIFE.

■ Hugh McCoy has been appointed chairman of H CLARKSON; Tony Klima, Neil Freeland and Derek Hagger are retiring. Harry Weston is appointed a director of HORACE CLARKSON.

■ Richard Gough is appointed chief executive of SUN LIFE's new off-shore life assurance company based in the Isle of Man; he moves from ROYAL LIFE INTERNATIONAL.

■ David Wilson is appointed md of Personal Lines, in Caterham, part of BAIN CLARKSON.

■ Dennis Jenner is appointed to the board of ALEXANDER STENHOUSE UK.

AMEC, the construction and engineering group, is the latest to recruit Sir John Nott, the former defence secretary, as a non-executive director. His eclectic portfolio includes the chairmanship at Etam, the fashion retailer, and a directorship at Hillsdown Holdings, the food group.

Bill Morgan, chairman from 1984 to 1988, Ray Mott, from Fairclough Building and on the main board since 1984, and Sir George Jefferson, former chairman of Matthew Hall taken over in 1988, have all retired from the board.

Allan Sutherland, director of finance of HERTZ UK, has died after a short illness.

■ Tony Dignum, who became financial director of Dixons Retail Group in January, is to resign as financial director of Dixons Group from next month. This follows the recent decision to combine all retail activities into Dixons Retail Group.

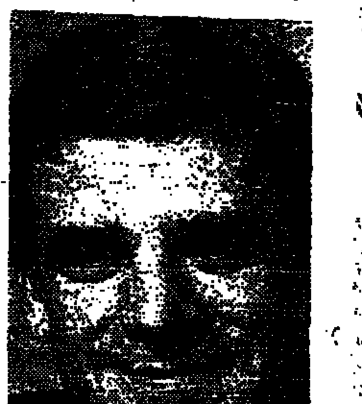
■ Michael Boyle has been appointed finance director of COURTAULDS COATINGS.

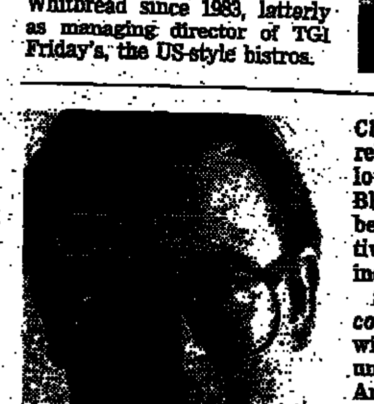
■ Ian Phillips is appointed group estates director of JOHNSON GROUP CLEANERS.

■ Clive Line has been appointed finance director of CLUFF RESOURCES in place of Mark Ashley who is to take up another appointment overseas.

■ Christopher Varley, London-based managing director of Anheuser-Busch European Trade, has been appointed an executive vice-president of the US brewer's international division, ANHEUSER-BUSCH International, which was formed in 1981 to develop sales of its beer brands outside America. Varley joined A-B in 1989 from Grand Metropolitan.

Pizza Hut has added the final topping to its new layer of senior management with the announcement that David Donnelly is to become director of its UK restaurant operations. His appointment completes a new mix at Pizza Hut which has included the appointment of Steve Dunn as marketing director and Chris Martin as finance director. Pizza Hut UK, which has 280 outlets, is a joint venture between PepsiCo, its worldwide owners, and Whitbread, the sole British franchisee. Donnelly has been with Whitbread since 1983, latterly as managing director of TGI Friday's, the US-style bistros.





Christopher Stainforth, now rebuilding his City career following his acquittal in the Blue Arrow fraud trial, has been appointed a non-executive director of Bridgend, the industrial holding company.

Stainforth, who was a senior corporate finance director with UBS Phillips & Drew until his resignation over Blue Arrow, has also been acting as a financial consultant for a number of private and public companies.

BALLET

Deadly Serious

Clement Crisp

Everything about Deadly Serious, a combined homage to Alfred Hitchcock and spoof on his films, by the aptly named "Adventures in Motion Pictures", seems promising. The publicity material has a nice wit.

The evening is divided between the performance of two "films": Overwrought is black and white and firmly located in 1939; *Rear Entry* is very technicolour indeed, and evokes Hitchcock's blondes and the vertiginous perils of hanging about in high places.

But alas for promise. What I eventually saw on Wednesday night was a series of production gimmicks dimly connected with the tensions and terrors of Hitchcock's film-making, which are sent up in amateurish fashion.

Matthew Bourne, director and choreographer of AMP, and also one of its six dancers (four male and six female), is part of the young generation of new British dance-makers who appear more caught up with presentation than with choreography.

Like Lea Anderson and her Cholmondeleys and Featherstonehaughs troupes, there is a concern with message rather than movement, with production rather then dynamic invention.

In the work of an ensemble such as DV8 we can see how movement in this genre of Physical Theatre has been forged into a language capable of urgent political, social, sexual statements.

With such gifted performer-creators as Laurie Booth, Julyen Hamilton, Yolande Snaith, we find dance expressive, subtle, imaginatively stimulating.

"Adventures in Motion Pictures", in Deadly Serious, as in last year's Town and Country, provides unfocused sketches that are glosses upon existing cliches. It is supposed to be the most tremendous fun – and The Place audience has a whale of a time (though memory asks "When do they not?") – and it leaves me stony-faced.

There is a certain endearing undergraduate innocence about this show – which is excellently designed by David Manners and well lit by Rick Fisher – but its conflation of Hitchcockian characters and situations is neither ingenious enough, nor witty enough, to seem more than a brief sketch that has run to mountains of self-indulgent fat.

The strain of homosexual intrigue that runs through it – one in three clinches, because of the balance of sexes in the cast, is between chaps – is singularly unlike Hitchcock.

The other thing that runs through the piece is the cast – who dash about ceaselessly, but to little purpose.

Adventures in Motion Pictures is playing *Deadly Serious* at The Place Theatre, Dukes Road, London WC1, until April 18. Thereafter, the company tours southern and south-west England through May and June.

Detail of 'Pleureuse' by Claude Michel, known as Clodion, on show at the Louvre

Exhibitions in Paris

Dog-days with Clodion and Bonington

Patricia Morison

To call Clodion the Fragonard of French sculpture is hardly original, but it helps. For Clodion, now the subject of his first major exhibition at the Louvre in Paris (until 29 June), is well known in France but not much elsewhere – certainly nothing like so well as such painters as Fragonard and Hubert Robert.

The dates fit rather neatly. Fragonard was born in 1732 and died in 1806. Claude Michel, alias Clodion or "little Claude", was born in Nancy in 1738, one of 10 children: he died at Paris in 1814.

As a matter of course, both young men studied in Rome. Neither became a full master of the French Academy, but both did very nicely all the same out of private patrons.

And that was perhaps hardly surprising, given that Fragonard and Clodion were each masters of the erotic. Still admired – although considerably less rich after the Revolution – aged Clodion had his design for a fountain of nymphs at the Carrousel rejected by Napoleon himself, on grounds that it was "too indecent".

But if the Emperor had his scruples, generations of French art-lovers admired Clodion's *style anacréontique* which, translated, refers to his light-as-air, exquisitely seductive ladies from Arcadia.

Before the Revolution, bankers and financiers were particular patrons of Clodion. But even in 1900, gentlemen looking for a delicious little bronze would thumb through the catalogue of Thiébault & Fils and find dozens of copies after Clodion and his imitators. "A last grace-note of *douceur de vivre*," Michael Levey called Clodion.

Unfamiliar the name may be, but British visitors to this attractive and beautifully-lit exhibition will surely find Clodion striking a chord of memory.

It may be that, like me, you thought him author of the outrageous little terracotta statuette called "La Gimblette" in the Musée des Arts Décoratifs. Not so, according to this exhibition; it was an imitator who borrowed this wicked design from Fragonard.

A naked girl lies on her back with her feet in the air, holding up her pet dog who hangs there, snout pointing towards her. To increase the poor brute's sense of vertigo and frustration, she holds out a *gimblette*, a kind of biscuit-with-a-hole.

If this is how ladies of the Empire regularly played with their dogs, no wonder Clodion was asked to design neo-classical mausolea for mutts who, we may suppose, died of over-excitement.

The most notable features of the Louvre exhibition are examples of Clodion's monumental work, such as the large marble sculpture of St Cecilia from Rouen cathedral and his statue of Montesquieu, and the stucco friezes from his architectural decorations. The former leave me cold; how much more sharply etched and graceful St Cecilia is in clay, which Clodion had the most uncanny skill in modelling.

His partnership with the architect Alexandre-Théodore Brogniart, produced large, delightfully frivolous scenes from Ovid and Virgil for the new houses of the seriously wealthy and, in the case of Baron de Besenval, lubricious.

Lent by the Metropolitan in New York are two friezes of Bacchanalian babies made for the elegant home the Prince de built for his daughter. But she, a reluctant deb, looked coldly on the decorations, took the veil, and became an abbess.

* * *

A retrospective exhibition, *Richard Parkes Bonington: 1802-28* at the Petit Palais (closed on Mondays), continues until 17 May. Sponsored by United Technologies Corporation, it has travelled from the Yale Center for British Art, and contains over 160 paintings and watercolours.

Bonington's tragically short career is unusual in two main respects: he not only fascinated, but taught, his French contemporaries something, and he managed to die from sunstroke contracted after sketching in Normandy.

This popular exhibition is very nearly a complete delight, and the more interesting for including paintings by Bonington's admirers, and above all Delacroix. Looking at their twin recreations of a jewel-bright Renaissance past and the lure of the East, is a vision of high Romanticism's high noon.

But what an astonishing decision to hang the work of an artist with such exquisite colour sense against walls of intense scarlet, blue, emerald, and purple. Painful throughout, the colour-clash reached a crescendo in the last room where the purple met the gold frames and brilliant turquoise skies of Bonington's Venice.

No serious devotee of Bonington will want to miss the catalogue, although at FF300 it makes our British ones seem modest indeed.

Sikulu

David Murray

This is a South African show, the successor to *Ipi Tombi* (music and direction again by Bertha Egnos), and it is unabashed showbiz.

Everybody in it is very fit. They all sing and/or dance almost continuously and with limitless enthusiasm – or at least dance: the entire show is piped at full steam through loudspeakers, with added orchestral backing, and from time to time there is a suspicion that the well-honed chorus, never out of breath, may be pre-recorded too.

There is the merest thread of a story. Ubhejane, a devoted son, departs from his native village in search of his father; he meets urban alienation in Johannesburg and Soweto, finds his father in a remote prison, and goes home.

Spoken dialogue is minimal, although the flash taxi-man Dube Dube (played by Rosen Songelwa, with portable telephone) does some earnest narration of recent, painful history.

Nothing else is allowed to disturb the athletic cheerfulness, except a soulful reunion-duet for father and son – a frank Western pop-ballad, affecting or excruciating according to taste – and a sullen sextet of Rebels who sing, implausibly, "So naive, old and trusting / Like the shelves your mind needs dusting."

Music and dance alike run the gamut from "traditional" native stuff to basic South African pop and lusty Broadway-style numbers, all of it rendered hyper-energetic and aimed straight at the audience. There is no pretence that we're eavesdropping on anything private; even the tribal battle-dances at the end are show numbers.

The stage-Soweto is clean and bright, and nothing rougher happens than a failed handbag-snatch. The colourful costumes are uniform for each group, like elves or Cossacks or cygnets in a ballet, or an old-fashioned musical, and the simple sets and slick lighting are in nightclub-vein.

The performers come from several tribes: Tswana, Sotho, Shangaan, Xhosa (which means that we get a women's trio in click-talk), Zulu and more. There is a manic miners' dance for men in gumboots at the disco-wedding which occupies a large part of the second act, dramatically quite irrelevant but fun.

Some ethnic instruments are visible from time to time – including four large drums, furiously played and fiercely amplified – but the backing-track laces much of the music with pop Western brass and strings. This is not a compromise, for the whole pageant is uncompromisingly commercial. Good-hearted too, though; and often reasonably infectious, and sometimes exhilarating.

As Ubhejane, Joe Motsamai looms with grave dignity and wields a fine, resonant bass, and Andy Chabeli sings not only his plaintive father but two other roles.

The exuberant choreography is by Lynton Burns, wherever the dancers themselves have not supplied the steps from folk-memory. Nothing very political raises its head: the sole agent of repressive authority is an illiterate black prison guard, and in general the tone is not militant, but forgive-and-forget – and keep on dancing.

Queen's Theatre, London W1, booking to July 25. Box office: (071) 494 5040

Reflected Glory

If you dislike the election result or are simply looking for a pleasant evening, here is a fine diversion. Ronald Harwood's *Reflected Glory* is the definition of a middlebrow play: not unduly demanding, but clever enough to make you laugh, admire the invention and even be puzzled by the ending.

It also has Albert Finney back on the West End stage, where he last appeared, in another play by Harwood, in 1989. Finney plays Alfred, elder brother to Michael (Stephen Moore). Alfred is a restaurant owner, Michael a playwright. When young, they often quarrelled, not least when playing tennis, but usually made it up with a joint rendering of "Me and My Shadow", with a kind of Fred Astaire dancing to go with it.

Their estrangement began when their father divided his will unequally: £40,000 to Michael because he would need it as an artist, and only £20,000 to Alfred because his restaurant would be expected to pay for itself. The real trouble between the brothers, however, is that Michael keeps writing plays about the family, which Alfred regards as an intrusion on his private life. Sometimes he takes out an injunction to stop them.

After 10 years of not seeing each other, Michael is seeking a reconciliation because his latest play *Brother Mine*, as distinct from his earlier *Family Matters*, is not about the family in general, but about the relationship between the brothers.

That is the essence of it. Alfred is tempted automatically to injunct: his lawyer is conveniently at hand, being the lover of Michael's theatrical agent. He agrees to see a private viewing before the play is launched. The performance leads to a stream of pleasing theatrical in-jokes.

This not a huge part for Finney. For about quarter of an hour in the second act, he simply sits at the side watching the rehearsal, consulting his lawyer and taking notes.

From time to time he interrupts, objecting for instance that the actor playing him is left-handed with insufficient swing to his backhand. All that is very jolly. Alfred, however, is not a complete philistine. He rather takes to the actors, especially when he recognises one of them as the man who plays the pirate in the Planters' Rum in the commercial.

The action takes place in a fringe theatre known as the Acropolis, which Alfred says reminds him of a Greek taverna. The direction is by Elijah Moshinsky and you would have to be in a grim mood not to like it.

Malcolm Rutherford

At the Vaudeville Theatre Box Office 071 836 9987

John Surman's Brass Project

The 10-piece Brass Project – trumpets, trombones and rhythm section – is a luxurious vehicle for John Surman's baritone saxophone to ride solo with. As is the case for any of Surman's many means of musical conveyance, it is distinctly European in design, veers to the left field, and is physically demanding of the man himself.

The Brass Project has been around since 1984, when Surman first collaborated with his "musical director" and co-writer John Warren. It stands alongside his work with Synths (for the German ECM label), or accompanying the icy vocals of Karin Krog, as a favourite way to play.

Musically, the show is a long way from his first date in the club with the house band, under Ronnie Scott's leadership, 24 years ago.

"I wasn't paid much in those days," he teased the proprietor. "We're not paying you much today," shot the tart reply from the wings.

Mixing originals (like Warren's rolling "New one two") and standards (a soulful "The thrill has gone") Surman is both waywardly mobile and mischievous with both baritone and soprano saxophone.

Four trombones (and three of them bass instruments) provided rumbling *ostinato* passages over which Surman edgily flurried baritone notes. Alternatively, searing harmonies from three trumpets laid the ground for jaunty soprano and occasional piano accompaniment.

Alone with a straight blues walking bass and drum, Surman, who is classically trained, maintained a peculiarly un-American attitude in his playing – even with that genre.

Bumping and squealing against a heavily laden brass section, his arrangements remain strangely European in accent and eccentricity. For sophisticated technique and emotional commitment, the leader himself is still hard to beat.

If American Gerry Mulligan is the name immediately associated with this friendly but cumbersome instrument, Devonian John Surman has surely done more to test its possibilities – and it's upper registers – in a variety of settings. And for a daring improvisor with a disarmingly unpretentious rapport with his audience, a club setting suits him fine.

Gary Booth

INTERNATIONAL

ARTS PREVIEW

& EXHIBITIONS

This year's Prague Spring Festival (May 12 to June 1) has more visiting western artists than before. The Lyon Opera Ballet will bring Prokofiev's Romeo and Juliet, there will be recitals by Maurizio Pollini, Julian Bream and Lynn Harrell, and the concert programme includes the Vienna Symphony Orchestra under Rafael Frühbeck de Burgos, the Academy of Ancient Music with Christopher Hogwood and the Berlin Radio Symphony Orchestra with Vladimir Ashkenazy.

But the festival's main interest is in the platform it gives to native Czech artists. Zdenek Kosler conducts the traditional opening concert of Smetana's Ma Vlast, and Jiri Belohlavek conducts the Czech Philharmonic at a concert marking the orchestra's return to its home, the Dvořák Hall, after a three-year renovation. The Central Band of the Czechoslovak Army will devote an entire concert to the late 19th century Czech composer Fucik, and Josef Suk will give a recital of violin sonatas accompanied by Rudolf Firkusny (Prague Spring, Hellichova 18, 11800 Prague 1, tel 530293, fax 536040).

Monte Carlo's spring festival opens next Friday and runs till May 16. The Monte Carlo Ballet will premiere new works by Nicolas Musin, Karole Armitage and Jean-Christophe Maillot; Jean-Claude Malgoire will conduct the first modern performances of Vivaldi's opera Montezuma; and there will be concerts by Itzhak Perlman, Alfred Brendel, Katia Ricciarelli, Lazar Berman and Yuri Bashmet (Printemps des Arts, Service Location, Atrium du Casino, MC 98000 Monaco, tel 9350 7654).

American Ballet Theatre and the New York City Ballet take up residence at the Lincoln Center in New York later this month for eight weeks of performances. The NYCB (at the State Theater) begins with an extended run of Peter Martins' production of Sleeping Beauty, and there will be a week of new ballets at the end of May (307 4100). The ABT programme (at the Met) includes Michael Smuin's new Peter and the Wolf, Antony Tudor's Undertow and six full-length classical ballets (362 6000).

EXHIBITIONS GUIDE

BARCELONA

Fundacio Joan Miró From fertility myths to the outer bounds of science: an exhibition of art from Catalan, Spanish and other European collections, showing how maternity, purity and marriage have been depicted in art from medieval times to the 20th century avant-garde, and exploring modern scientific developments. Ends June 7. Closed Mon

Museu Picasso Picasso: Rose Period 1905-1906. Ends April 19. Closed Mon

Fundacio la Caixa The Vikings: objects and maquettes from the medieval Norse peoples, on loan from Swedish museums. Ends April 26

BERLIN

Altes Museum Degenerate Art: 100 examples of avant-garde German art in the 1930s which fell foul of the Nazis. Ends May 31. Also German Expressionists: 120 watercolours and drawings by members of the Brücke, the Blaue Reiter, Kokoschka and others. Ends May 3. Closed Mon (Bodestrasse 1-3)

Brücke Museum The Brücke: 370 drawings and watercolours by members of the Dresden-based group of early 20th century German Expressionists. Ends May 17. Closed Tues (Bussardsteig 9)

Martin-Gropius-Bau Patterns of Jewish Life: a chronicle of Jewish lifestyle, thought and aesthetic expression around the world over the past 2000 years Ends April 26. Daily (Stresemannstrasse 110)

Schloss Charlottenburg Palace of the Gods: 1500 years of Indian art, including sculptures, reliefs and architectural fragments. Ends June 28. Closed Mon (Grosse Orangerie)

DUSSELDORF

Kunstmuseum Venice's Fame in the North: a major show of 155 outstanding Venetian 18th century paintings and drawings by Carlevaris, Tiepolo, Piranesi and others, on loan from an international range of museums. Ends April 26. Closed Mon

FERRARA

Palazzo dei Diamanti Claude Monet: 30 paintings from Monet's house at Giverny, including works given to Monet by Delacroix, Pissarro, Manet and others. Ends May 15

FRANKFURT

Stadel Max Klinger (1857-1920): sculptures, paintings and drawings. Ends June 7. Daily

Deutsches Architekturmuseum Antonio Sant'Elia: 400 drawings by the revolutionary early 20th century Italian architect. Ends May 17. Closed Mon

LIVERPOOL

Tate Gallery Stanley Spencer (1891-1959): a selection of paintings and writings from the Tate's own extensive collection. Ends Jan 10. Also Myth-Making: Abstract Expressionism from the US, with works by Pollock, Newman, Rothko and others. Ends Jan 7. Closed Mon

LONDON

National Gallery Rembrandt. Advance booking through First Call 071-240 7200. Ends May 24. Daily

Tate Gallery Otto Dix. Ends May 17. David Hockney: Seven Paintings. Ends July 26. Brice Marden (b New York 1938): leading contemporary painter-engraver. Ends June 21. Turner: watercolours and drawings 1830-1840. Ends May 10. Daily

Accademia Italiana Rediscovering Pompeii: 200 excavated objects. Advance booking through Ticketmaster 071-379 4444. Ends June 21. Daily

Royal Academy of Arts Alexander Calder (1898-1976): versatile and popular US artist. Ends June 7. Daily

Barbican Van Gogh in England. Ends May 4. Daily

MUNICH

Villa Stuck Gianni Versace: fashion and stage designs. Ends May 10. Closed Mon

Kunsthalle der Hypo-Kulturstiftung Georg Baselitz: retrospective of the German artist, who ranks as one of the great painter-engravers of the 20th century. Ends May 17. Daily

NEW YORK

Metropolitan Museum of Art William Harnett: 50 works by a late 19th century American master of still-life painting. Ends June 14. Barbizon: six masters of the French 19th century school of naturalist landscape. Ends May 3. Helen Levitt: photographs of New York City from the 1930s to the present day. Ends June 28. Closed Mon

Brooklyn Museum Arman (b1928): 70 works by the French-American avant-garde artist. Ends April 26. Closed Mon and Tues

Museum of Modern Art Contemporary American and European drawings. Ends May 5. Closed Wed

Whitney Museum of American Art Paul Strand: first major retrospective of the work of the outstanding American photographer who died in 1976. Ends May 17. Also Terry Winters: mid-career survey of the abstract painter. Ends May 10. Closed Mon

PARIS

Centre Pompidou Czech Cubism 1910-25: architecture, design, visual arts. Ends May 17 (Galerie du CCI). Also Georges Rouault (1871-1958): the first little-known period of the artist's work is burdened by a religious sense of guilt, expressed in ferocious portrayals of prostitutes, judges and clowns. Ends May 4 (Grande Galerie). Closed Tues

Grand Palais Toulouse-Lautrec. Ends June 1. Closed Tues, late opening Wed. Tickets can be booked by phone on 4804 3886 and by fax on 4274 3069 (ave du General Eisenhower, metro Champs-Elysèes, Clemenceau). Also Les Lautrec de Lautrec at the Bibliothèque Nationale (1 rue Vivienne, 2e) and other exhibits echoing Lautrec's world at the Musée d'Orsay. Ends May 31. Closed Mon

Louvre Clodion (1738-1814): largest exhibition ever devoted to the French sculptor. Ends June 29. Closed Tues (Hall Napoleon)

WASHINGTON

National Gallery of Art Guercino. Ends May 17. John Singer Sargent's El Jaleo. Ends July 5. Gerard David's St Anne Altarpiece. Ends May 10. Jacques Callot: etchings and engravings by the early 17th century French printmaker. Ends Sep 7. Daily

Arthur M Sackler Gallery Masterpieces of Mesopotamian Art from the Louvre. Ends Aug 9. Daily

Hirshhorn Museum Martin Puryear: sculptures. Ends May 10. Daily

Textile Museum Oriental rugs from New England private collections. Ends May 3. Daily

National Museum of Women in the Arts Belgian Lace and Contemporary Interpretations: articles from western Europe and the former Soviet Union on loan from the Museum of Clothing and Lace in Brussels. Ends July 19. Also A Personal Statement: 25 works by ten Arkansas artists working in painting, sculpture, graphics and photography. Ends June 14. Also Women Photographers in Camera Work: 75 works by early 20th century women photographers. Ends Sep 7. Daily

ZURICH

Kunsthaus Ilse Weber (1908-1984): paintings and drawings by the influential Swiss artist. Ends May 10. Also a new installation by the Californian artist Walter de Maria (b1935), known for his monumental symbols. Also Martin Disler: 50 prints. Ends April 20. Closed Mon

FINANCIAL TIMES

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Friday April 10 1992

A deepening German crisis

THE TEST of an economic or political system is whether it can respond quickly and effectively to rapidly changing circumstances; it is a test that Germany is currently failing. For Germany's neighbours, the consequences of this failure are economically trying; for the EC they may prove increasingly disruptive. But it is the social cohesion of the new Germany that will suffer the most.

Germany's politicians, employers and trade unions have so far proved unable to meet the challenges thrown up by the unification of west and east Germany in 1990. It would be premature to write the obituary of the German social market economy. But the economic disaster in the eastern Länder, the growing threat of a recession in the west and the rise of the German right in the recent regional elections are all testament to the great economic and political strains that have been caused by this failure.

The economic collapse that has occurred in east Germany since monetary unification in July 1990 lies at the heart of Germany's current problems. The disintegration of east European trade is partly to blame. But the underlying cause was the imposition by the west German establishment of the regulations, non-wage costs and wages of one of the most productive economies in the world upon east Germany's backward one.

Union push

Few companies would agree to move to east Germany and pay unit labour costs comparable to those in west Germany, and higher than in Portugal or Spain. But that has been the effect of union efforts to push east German wages towards west German levels, with the blessing of western employers and politicians. In the absence of new investment and indigenous production, the east German economy will continue to be propped up by large transfers from west Germany.

As important a cause of Germany's current predicament has been the politicians' unwillingness to persuade the west German electorate that they would have to pay for unification: through higher taxes and lower real wages. Instead, the general government deficit has been allowed to rise to DM180bn this year, 6½ per cent of gross national product and twice as high as the deficit ceiling that Germany insisted be included in the Maastricht treaty; while west German unions have been demanding real wage rises to recover the loss in incomes caused by temporary tax increases.

Strike threat

The longer the government has prevaricated, the more difficult it has become for it to act. Persistently high borrowing, rapid monetary growth and the threat of a public sector strike are likely to persuade the Bundesbank to keep interest rates high throughout 1992. But slow growth or even a recession this year is precisely what is not required to bring public borrowing under control. Nor does it make sense, politically or economically, to raise taxes now the economy is slowing. Mr Kohl has already gone back on one misconceived no-tax pledge.

There is still time. The government needs a fiscal plan, consisting of tax increases and spending cuts, that will bring the budget back towards balance over the next five years; the public sector unions should drop their strike threat; and wage convergence must be halted, preferably by a temporary wage subsidy.

Yet none of this seems likely to emerge from Germany's paralysed political system. West German real wages will fall: but only after an all-German recession has pushed west German unemployment towards 10 per cent and east German non-employment nearer 50 per cent. Wage convergence will slow: but only after more businesses have collapsed and many more east Germans have moved west. Meanwhile the fiscal deficit will grow larger.

For the European economy this second scenario may be good for growth. The negative effect of high German interest rates has outweighed the stimulative effects of German expansion over the past two years. A German recession and subsequently lower interest rates might fuel European growth. But slow growth, rising unemployment and further mass migration would sorely test the unity of the new Germany. Last week's election may prove a foretaste of things to come.

Public sector union harmony

THE TREND towards merger and concentration among the UK's trades unions continues apace. This week, three large public sector unions announced details of their plans to form a new super-union with 1.4m members, to be named Unison. The AEU engineers union and the EETPU electricians are to merge next month. And there are rumours of a courtship between the two largest general unions, the TGWU and GMB.

Most Unison members work in local government and the health service, giving the merger a sensible industrial logic. The existence of a single union should reduce restrictive practices and demarcation disputes and simplify collective bargaining. But while fewer unions may help personnel managers improve flexibility in the workplace, the process of concentration also strengthens the hands of the unions in negotiations with their employers.

A single union spanning manual and white-collar employees enjoys greater power than several unions with sectional interests. If it is the only or main union in the industry, it can adopt a divide and rule approach to winning its objectives – picking off the weakest employers piecemeal. This strategy has been used to devastating effect in the past by Nalgo, the local government union representing white collar staff which is one of the three unions forming Unison.

Selective action

For example, selective action by Nalgo members in recent years has forced several London boroughs – all Labour-led and less inclined to resist union pressure – to pay additional allowances to town-hall staff. The most recent example is Ealing, west London, where the newly-elected Labour council found its schools closed and town hall departments disrupted by a month-long strike in 1987 as Nalgo members demanded allowances paid in harder-pressed inner London boroughs.

The same approach has been used to resist attempts to improve the efficiency of local services. Plans by the London borough of Lewisham to re-organise offices to improve service to the public were disrupted by Nalgo strikes in 1986. And in 1991, the moderate leadership of Liverpool city council found itself unable to collect the poll tax or administer its finances for seven months because militant Nalgo members were on strike in protest against plans to cut jobs. The Nalgo strikers were on full pay from the national union at a cost of between £500,000 and £1m a month, costing the union up to £5m in strike pay. At one stage, the strikers attempted to force Liverpool into default on capital and interest payments to banks and other lenders.

Public interest

Such tactics suggest that there could be a public interest case for regulating union mergers in the same way as industrial mergers, to curb the abuse of monopoly power. Yet it would be perverse to argue against the creation of industrial unions such as Unison when it has been common wisdom for decades that such unions were desirable. Since the 1960s, many UK industrialists and trades unionists have cast envious eyes over the system bequeathed on Germany by the victorious allies after the last war, where a handful of large unions represent and bargain on behalf of all employees in an industry.

In practice, the ability of unions to hold individual councils to ransom has been considerably weakened by compulsory competitive tendering. Council or health authority manual workers must now work to targets they agree in contracts with the employer. If they take industrial action and fail to hit those targets, they may lose the contracts to the private sector. In the 1991 Liverpool strike, the council's manual workers abandoned their action before the white-collar staff, after losing some contracts to outside companies. It is unlikely that council white collar staff will be able to hold out for as long as they did in Liverpool with the imminent extension of compulsory competitive tendering to their jobs.

The formation of Unison, increasing as it does the potential for abuse of union power, makes it essential that compulsory competitive tendering should continue in public services. The Conservatives are committed to continuing and extending it: a government of any other complexion will abandon the principle at its peril.

Turmoil in Japanese financial markets could herald uncertainty in the economy as a whole, writes Stefan Wagstyl

Shock waves around the globe

The latest plunge in Japanese equities has produced an unmistakeable sign of panic: top-flight Japanese financial companies have seen an increase in calls from foreign customers inquiring about their soundness.

The fall of the Nikkei average to its lowest levels since 1986 has, with good reason, unnerved investors around the world. They are worried about the health of Japanese banks, about the slowdown in the Japanese economy and about the implications for their own countries of the turmoil in Tokyo.

"Japanese stocks are in free fall," said Mr Takanori Tanabe, vice-president of Tokio Marine MC Asset Management, a fund manager, yesterday after the Nikkei plunged 577.38 points to 16,598.15.

For optimists, there is a glimmer of light. The latest decline has been caused almost entirely by a sharp sell-off in bank shares, which have fallen by more than 30 per cent since the beginning of the month, compared with an overall 14 per cent decline in the Nikkei. A few fund managers are buying shares in blue-chip industrial companies, arguing that Japanese equities are now trading at their lowest valuations since 1985.

But even these brave souls do not predict a recovery soon. Rather, the turmoil in stocks could herald considerable uncertainty in the financial markets and in the economy as a whole. Few investors would ignore the possibility of further nasty shocks, particularly from the hard-pressed banking system. Mr Tadashi Okuda, the president of Dai Ichi Kangyo Bank, warned yesterday that the sharp falls in stock prices was plunging banks into "a very difficult situation".

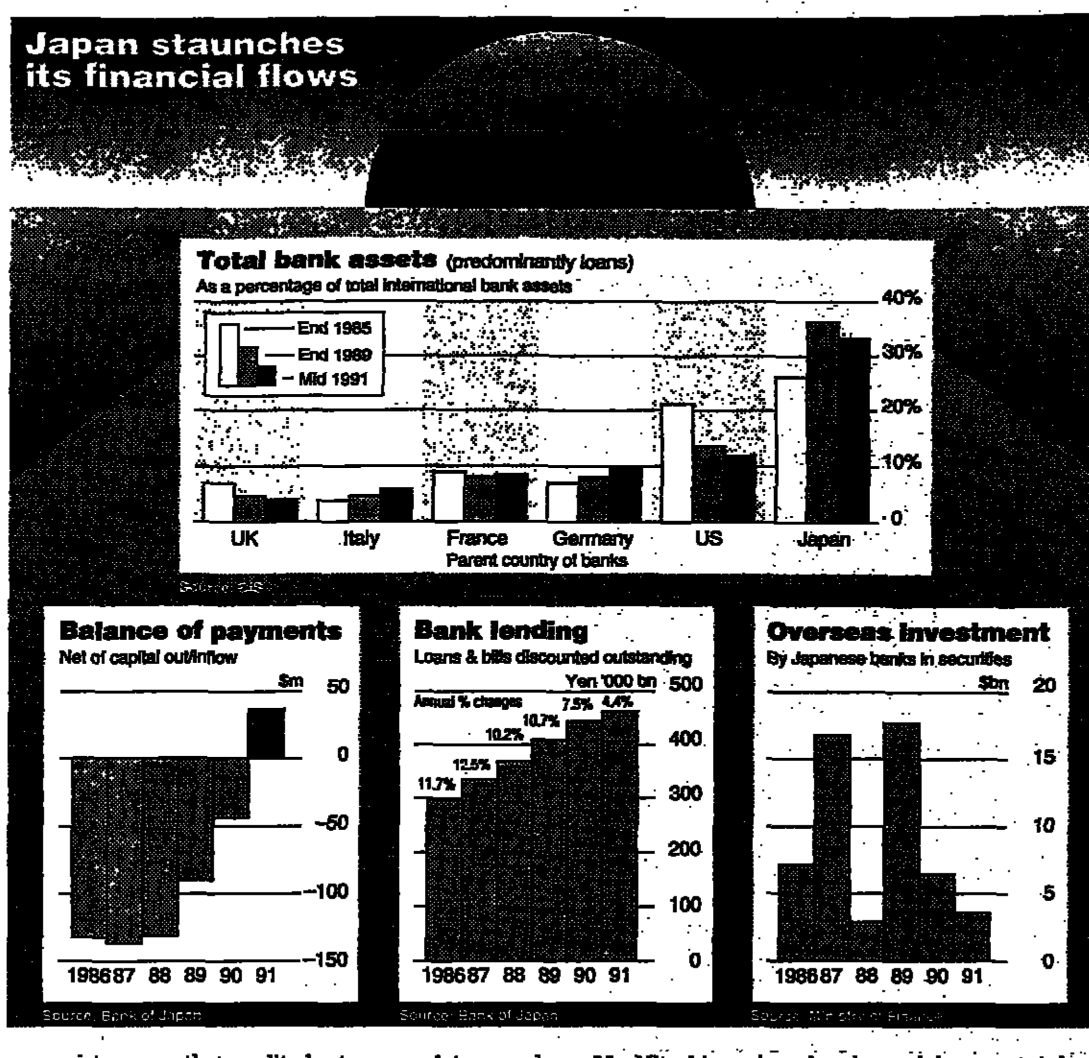
Banks have become the most important victims of the collapse of the speculative boom of the 1980s. Leading banks alone have been left holding an estimated Y20,000bn (£86.5bn) in bad and doubtful debts which restrict their capacity to make new loans. Because they count some of their stock portfolios as capital, the decline in equities has also eroded their reserves. While the Nikkei index was above 20,000, the ratio of capital to assets of leading Japanese banks stood just above the minimum level of 8 per cent which the Bank for International Settlements (BIS) regards as adequate. Now the figure is about 7.5 per cent.

There is, however, little risk that big Japanese banks will collapse. In extremis, banks can expect other members of their corporate families, or Keiretsu, to provide them with new capital. The Bank of Japan has stressed that it will not allow failures. If a leading bank were to run into difficulties, the Bank would organise a merger with a stronger institution, bankers say, before depositors were aware of the gravity of the problem.

However, there is a danger that with barely sufficient capital, banks will be increasingly unable to lend. This could make borrowing difficult and expensive, leading to a further slowing of investment and a prolonged contraction of the economy.

So far, economists find little evidence of a general credit crunch in Japan. Companies are pulling in their horns and so have less need of loans. The ratio of cash to sales, a measure of liquidity, is down from its peak of 2.0 to 1.7 but is well above its early 1980s average of 1.2.

Broad economic statistics do not tell the whole story. Hard-pressed property companies and some small and medium-sized companies face difficulties in refinancing. Some



economists worry that credit shortages might spread from the property sector if the economy recovers and loan demand increases. Last year, lending grew by just 4.4 per cent, down from a peak of 12.5 per cent in 1987. This year's figure could be even lower – far too low to sustain annual economic growth at 2 per cent, let alone the government's target of 3.5 per cent.

As Mr Yukio Takayama, senior managing director at the Sakura Research Institute, an affiliate of Sakura Bank, says: "When companies start asking for loans we will need official action to avoid a credit crunch – such as a temporary relaxation of BIS rules."

However, other central banks would probably only acquiesce in any request from the Bank of Japan for such a relaxation of BIS rules if the outlook for Japanese banks threatened to cause a crisis for the world's financial system.

With property prices down 30-40 per cent from their peak in Tokyo and Osaka and still weak, the full extent of the damage inflicted by the property crash to banks' capital has yet to emerge. Other pockets of potential bad debt also lurk in the wings – for example, loans to stock speculators such as Mr Mitsuhiro Kotani, head of Koshin, an investment syndicate, who was declared bankrupt this week with debts of Y250bn.

Normally banks could raise fresh equity. But this has been impossible since 1989 and is likely to remain so because fund managers are wary of Japanese bank shares. Fortunately, banks have so far managed to juggle their balance sheets to accommodate their loan customers. In the life companies, the biggest group of institutional investors, they have a ready source of subordinated loans, which they are allowed to count as capital rather than debt for BIS purposes. They raised about Y2,000bn in the financial year to March, on top of Y4,000bn the previous year.

But there is a limit to what can be raised by subordinated loans, not least because the life companies also lend directly to industrial companies.

To make matters worse, the implosion in the stock market has robbed Japanese companies of alternative equity capital. Companies have closed the funding gap by issuing bonds, raising a total of Y12,500bn on capital markets in the year to March. But the cost of debt is above 6 per cent, compared with less than 1 per cent for equity-linked capital in 1989. Such an increase acts as a powerful drag on investment.

As for the international impact of Tokyo's plunge, there are three main effects: the retreat of Japanese banks from international markets; the repatriation of capital into Japan; and the loss of confidence in the markets.

Japanese banks have cut their assets in overseas markets more than at home. In international markets, the Japanese share of new credits to non-bank companies has fallen from 46 per cent in 1985-89 to 5 per cent in 1989 to mid-1991, according to the BIS.

This has less effect than it might seem, because other banks, notably German, have filled the gap left by the Japanese. Banks do not generally raise funds in one industrialised country to lend in another. They operate in the same market, usually borrowing short-term and lending long, acting as intermediaries.

Even if there is no overall shortage of credit, some individual borrowers previously favoured by Japanese banks are under pressure. Japanese banks were big lenders to property developers, particularly in the US, to people such as Mr Donald Trump. Given the depressed state of the property market, a developer, even a sound one, might have trouble replacing his Japanese bank. As one Japanese banker says: "There are plenty of mismatches between lenders and borrowers."

The impact of capital repatriation is more serious. In the late 1980s Japan was the world's biggest capital exporter – investing a net $136bn overseas in 1987, mostly in securities. Last year the outflow turned to a net inflow of $36.6bn.

Japanese investments in bonds have held up, since foreign yields are mostly higher than Japan's. But investments with higher risks – equities, property and direct investments – have fallen. This mainly reflects the slowing of foreign economies, especially the US. But the slump in the Tokyo markets has cut the outflow further.

The effects of the switch in capital flows has yet to become apparent, since the world economy has been in recession since 1989. But when growth recovers, the shortage of Japanese capital could emerge as a brake.

This is particularly true for the US, where Japanese companies are most active. Mr Richard Koo, an economist at Nomura Research Institute, an affiliate of Nomura Securities, says: "Japanese companies paid almost zero for capital in the late 1980s. Now they are in the real world. There are many investments they made then that they would not make now."

As for Japanese consumers, the direct effect of the stock and property price plunges has been to reduce wealth. But this is not a widespread problem – on average, the Japanese keep more than half their financial assets in cash or deposit accounts.

For foreign portfolio investors the big question is whether to buy stock, now the Nikkei is 57 per cent off its peak. At current levels, the shares in the Nikkei index trade at about 35 times their earnings for the year to March 1992, down from a peak of 92 in 1987. The last time the ratio was in the mid-30s was in 1985, before the asset price explosion. But given the continuing weakness of the economy, many stockbrokers expect a further decline in corporate profits in 1992-93, of up to 10 per cent.

The government and the central bank, the Bank of Japan, are unlikely to come to the rescue. The Bank has cut interest rates over the past year to raise business confidence, but it has yet to commit itself to a whole-hearted boost to the economy. Mr Yasushi Mieno, the governor of the Bank, is still haunted by the ghosts of speculative excess. Meanwhile, the government had announced plans to accelerate public spending this year but, torn by scandals, it is too weak to intervene more decisively in the economy.

Japanese financiers will have to work out their own salvation. Bankers say it could take three to five years to deal with their biggest problem – clearing the mountain of bad debt. But stock markets tend to anticipate the real economy by up to two years. So at some stage between now and 1997, yesterday's prices may look like a steal – as long as the target company does not go bankrupt in the meantime.

BOOK REVIEW

Food for thought

BEYOND BEEF: the rise and fall of the cattle culture
By Jeremy Rifkin
Dutton books. $21. 353 pages

Beef consumption represents one of the gravest threats to the future well-being of the earth and its human population. A week ago, I would have dismissed Jeremy Rifkin's claim as absurd. Having read Beyond Beef, I am not so sure. Mr Rifkin, an American author and green activist, has doubtless overstated his case. But his diatribe raises questions that deserve far greater attention.

His first, startling point concerns the world's extraordinary reliance on beef. There are nearly 1.3bn cattle spread across six continents. They occupy nearly a quarter of the total land space and consume about a third of the world's grain harvest. This passion for beef is increasing poverty in the Third World, damaging the global environment and threatening the health of affluent consumers in the US, Europe and – increasingly – Japan.

The argument about poverty is straightforward. An acre of cereal can produce five times as much protein as an acre devoted to meat production; an acre of legumes (beans or lentils) 10 times more; an acre of leafy vegetables, 15 times more. More than 1.3bn people in the Third World are reckoned to be chronically underfed. If only a portion of the land occupied by cattle were turned over to crop production, most could be fed at no net cost to the developed world.

The environmental case against cattle appears equally compelling. The billions of hooves trampling the world's surface are destroying natural habitats, stripping away vegetation, eroding soil and contributing to desert-like conditions in Asia, Africa and the Americas. Some 40 per cent of the Amazon rain forest has been cleared for cattle-grazing, despite unsuitable soil conditions. The obsession with cattle is also leading to water shortages. Nearly half the water consumed in the US goes to grow feed for cattle and other livestock. Cattle account for a sizeable portion of all methane emissions, thus contributing directly to global warming.

If red meat were good for us, all this might perhaps be justified. Yet scientific opinion is shifting towards the view that an ideal human diet would be based mainly on vegetables, grains and fruit. Some three-quarters of deaths in the US are reckoned to result directly from poor diets, including excessive intake of saturated fats and cholesterol. The incidence of colon cancer in the west, for example, is up to 10 times higher than in non-beef-eating Asian cultures.

Beef addiction (nearly 7bn hamburgers a year are consumed in the US alone) also helps explain why more than a quarter of Americans are clinically overweight. While lack of grain leads to starvation in developing countries, these portly individuals spend $5bn a year trying to get thin. Billions of dollars are also wasted on wholly unnecessary medical bills.

Rifkin, while strong on the practical cost to human beings of excessive beef consumption, also raises troubling ethical questions about the things we do to cattle.

"Modern meat is a testimonial to the utilitarian ethos . . . Cattle are dehorned, castrated, injected with hormones and antibiotics, sprayed with insecticides, placed on a cement slab, and fed grains, sawdust, sludge and sewage until they reach the appropriate weight. The animals are transported by truck to automated slaughterhouses, where they are killed, disassembled into their constituent parts, mixed, moulded, shaped and reconstituted into useful products . . ." Can we really justify this behaviour when more people could be fed – and more kept healthy – by growing beans?

Rifkin reminds us that the word "cattle" is derived from the words "capital" and "chattel". In a fascinating historical discussion, he traces man's relationship with the bovine from ancient Egypt, where the bull and cow were worshipped as icons of our virility and fertility, to the mass concrete feedlots of the American mid-west, where they are raw industrial inputs. He shows how the British aristocracy's love for fatty cuts of beef – and its willingness to finance American ranches in the 19th century – helped change tastes throughout the world. And he documents how the cattle industry – the first form of mobile capital – repeatedly led developments in other sectors: Henry Ford, for example, got the idea of an assembly line from the Chicago meat-packers.

The author sees the changed status of cattle as a metaphor for the evils wrought by modern capitalism: "We have substituted mechanism for organism, utilitarianism for spiritualism, and market values for community standards, turning ourselves from beings to resources." He exaggerates.

But the over-production of cattle, while encouraged by public subsidies, remains a good example of the way capitalism can have globally irrational consequences if it fails to take all the costs of production into account. In calling for the renunciation of beef today, Rifkin is decades ahead of public opinion: in due course, however, I have no doubt that red meat will go the same way as tobacco. We must prepare to apologise for this anti-social and unhealthy habit.

Michael Prowse

With western help, a wing and a prayer

Paul Betts and **Leyla Boulton** report on efforts to restructure the former Soviet Union's civil aviation industry

Aeroflot, the world's biggest but probably most inefficient airline, was already in deep trouble before the break-up of the Soviet Union. Not for nothing was it nicknamed Aeroflop. Its problems have now multiplied.

Only *months* before the collapse of the Soviet Union, senior officials of the aviation ministry in Moscow approached British Airways with a proposal to reshape the airline into a competitive western-style international carrier.

BA had started discussions with Moscow in 1987 on how best to develop the airline business in the former Soviet Union. Several ideas, including the total overhaul of Aeroflot, were assessed, and rejected as being beyond local management capabilities.

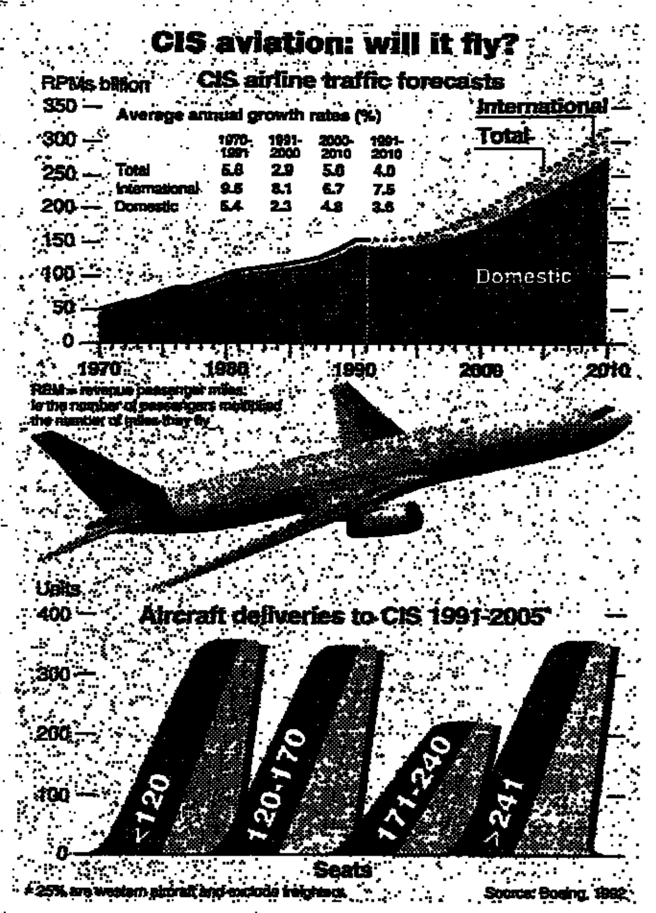
Instead, BA agreed in October 1990 to invest £20m for a 31 per cent stake in a joint venture with Aeroflot and other Soviet partners to create an international airline called Air Russia and transform Moscow's decrepit Domodedovo airport into an international hub.

The project has survived the political and economic upheavals that have shaken the Commonwealth of Independent States (CIS) during the past 12 months. Mr John Borkowski, BA's head of strategy, expects Air Russia to start flying with a fleet of seven Boeing 767 airliners in 1994. The idea continues to be to create what he calls a "luxury airline" operating international services out of the Domodedovo hub.

Such plans should probably be treated with scepticism. Aeroflot, like other CIS institutions, is in turmoil. Since the beginning of this year, the carrier's domestic operations have been dismembered among its republican and regional directorates. By the end of February, each of its 34 operational divisions had registered as a separate airline.

International flights, for the time being at least, are still carried on in the Aeroflot name, under the aegis of an interstate aviation committee set up by CIS heads of government in December. The idea is to maintain a central civil air transport regulatory body to co-ordinate services during the industry's restructuring and redevelopment.

"For us nothing has changed," says Mr Vladimir Potapov, director-general of Aeroflot's international air service department based at Sheremetievo, Moscow's main international airport. But he has also become increasingly worried by stirrings of independence among new CIS airlines on international markets.



But elsewhere upheaval is commonplace. Many of the republics have already set about painting aircraft in their national colours. Former Aeroflot divisions are now called Ukrainian Airlines, Azerbaijan Airlines, Baikalavia, Sibavia or Lithuanian Airlines. They are all suffering from shortages of funds, fuel or spares. Their fleets of Soviet-built aircraft are worn out. About 40 per cent of all aircraft in the republics are grounded, making up what has become known as the "iron row" of idle aircraft crowding airport tarmacs.

If Aeroflot has so far survived as an international carrier, it is only a shadow of its former self

Fares have trebled on internal flights and risen by as much as 30 times on international routes since prices were liberalised in January. This, in turn, has caused a fall in traffic. Rising costs and fewer passengers are expected to increase the number of closures of unprofitable domestic routes. As a result, regions which had depended on the old Aeroflot to link them to the rest of the country could be isolated.

These risks are compounded by concerns about safety. With money in short supply, there is a danger of large cuts in maintenance budgets. Although accident rates for 1990 and 1991 are not available yet, safety standards appear to be declining. The most recent official records show there were 23 accidents in 1989, compared with 16 in 1988 and 13 in 1987.

For all these reasons, the new airlines of the Commonwealth have been scrambling to forge co-operation links with western airlines to help them improve standards, fund new western aircraft acquisitions and overhaul operations. Apart from the Air Russia venture with BA, Lithuanian Airlines has just signed a marketing and sales agreement with American Airlines and has leased a Boeing 737 from GPA, the Irish leasing group. Aeroflot-St Petersburg agreed with Finnair in February to set up a joint airline based in St Petersburg.

A joint venture with Lufthansa is planned to transform the old Sheremetievo domestic terminal into a new international one. And the international operations based there have approached the German carrier to co-operate on reviving an airline first established by Weimar Germany and the Bolshevik state in the 1920s.

Whatever the republics' longings for their own national airlines as a status symbol, economic and political realities have compelled them to stick together when operating international services. None has sufficient hard currency to set up its own international offices, while international agreements inherited from the Soviet Union cannot be renegotiated overnight.

The December interstate aviation agreement has assured continued international services, a significant source of foreign currency for the republics. For now, it has also reduced the risk that international air transport will join the list of growing problems facing the republics as they struggle to revive their economies.

But if Aeroflot has so far survived as an international carrier, it is only a shadow of its former self. Internationally, it serves 135 cities in 102 countries with a fleet of slightly more than 100 jets. But more than 90 per cent of its traffic has traditionally been carried domestically to 3,600 towns and cities. Its domestic operations have employed the bulk of its 600,000 staff.

The inevitable restructuring of the industry risks making as many as half Aeroflot's 57,000 pilots redundant, according to Mr Alfred Malinovsky, chairman of the pilots' union.

Even on the international front, many of Aeroflot's newly independent regional branches and several start-up airlines are likely eventually to challenge its international division.

But the difficulties are just as great for the new airlines emerging in the Commonwealth. Mr Borkowski of BA concedes that finding money to finance new operations with western aircraft based in Russia is a Herculean venture in the current circumstances.

Aeroflot is still struggling to finance its first batch of Airbus A310 wide-body aircraft. The first of the five airliners was due to be delivered last November. It is now unlikely to arrive before June.

But western aircraft manufacturers and airlines still continue to regard the CIS as offering promising long-term growth prospects. Rolls-Royce, for example, is expected to sign a deal soon to provide engines for a new Tupolev airliner while France's Aerospatiale is discussing co-operation with Russian manufacturers on a new 600-seater passenger jet.

The short term, however, remains extremely uncertain. A British businessman's recent description of Moscow's Domodedovo airport summed up the scale of the reconstruction problem. "It's a toilet," he said.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Political stance seen as 'breaking rule' and a disservice — but supported by example

From Mr John Houlihan.

Sir, I was stunned to read your leader ("The day of decision", April 9) advising a vote for Labour. For the FT to espouse the cause of a party whose philosophy is essentially anti-market beggars belief. It is true that the Tories have made mistakes, but their values have never been in doubt.

You have swallowed the slogan "Time for a change" on the view that the current team is tired and it would be bad for democracy if the Tories were given a fourth term. Your piece reminded me of a research note whose whole tenor was bearish, but the conclusion is that one should buy.

Professionals in the City surely subscribe to the FT because its views and advice are bedded in hard financial fact. You have broken that rule. Shame on you for being so slack and self-indulgent.

John Houlihan,
Hoare Govett Investment Research,
4 Broadgate, London EC2M 7LE

From Mr Joe Banerjee.

Sir, A word of thanks to the FT for following your heads and advising readers to vote Labour. We here in Japan are all too aware what happens to a political system that gets used to one-party rule.

Joe Banerjee,
402 Maison Fonteyn,
830-6 Bomoncho,
Shimogyo-ku, Kyoto,
Japan

From Dr Janet Rennie.

Sir, Pink by name, pink by nature.

Janet Rennie
Nutford Farm,
Milldown Road,
Blandford,
Dorset DT1

From Mr John Fingleton.

Sir, Your Leader today is challenging and well-argued; the cases you make for and against both leading parties not unconvincing.

However, it is for the very reasons you expostulate so cogently that your conclusion is so utterly flawed and your recommendation bad.

In the most unlikely event that the result you recommend should be achieved which, at the time of writing (during the morning of election day) I am convinced it will not, I believe that you will have done an enormous disservice to what I see as your "natural" constituency, the vast majority of whom, I am sure, would be very considerably disadvantaged — as, much more importantly, would be the nation as a whole.

A return to a Socialist government full of its traditional doctrinaire principles, however well disguised, would undo so many of the great achievements of the past 13 years.

John Fingleton,
19 York House,
Upper Montagu Street,
London W1H 1FR

CBI concerned at penal rent liabilities arising from assigned leases

From Sir John Banham.

Sir, Your leader ("Tenants squeezed", April 6) raises an important problem that will worsen given the current recession and the massive over-supply of commercial property.

The CBI receives daily complaints from people facing demands for rent for property they assigned, with the landlord's consent and often many years ago, because the present tenant cannot pay. Small businesses are being forced into bankruptcy and their owners into penury (and sometimes illness) through no fault of their own. In the worst cases, landlords have allowed many months of arrears to build up, and made no serious attempt to force the present tenant to pay. Some tenants continue to use the premises rent free. For if the landlord pursues the forfeiture procedure he would, if successful, then be unable to claim rent from the previous tenants.

This cannot be right. In 1988, following a two-year review, the Law Commission recommended urgent reform. But nothing has happened. The CBI supports the compromise proposed by the Law Commission: tenants should only guarantee the covenants of their immediate successor. We proposed that the landlord would retain a right to indemnity from the previous tenant for 10 years and provided there are not material changes to the property, only if he:

- notifies the previous tenant he proposes to hold responsible for the rent within one month of the current tenant defaulting;
- secures vacant possession for that previous tenant if the latter wishes; and if he
- advises that previous tenant of the name and address of the other previous tenants (if any) who are equally liable to contribute to unpaid rent.

VAT liability is also concerning tenants. Since 1989, landlords have been able to charge VAT on commercial rents. Should the tenant go bankrupt, or not pay for over one year, the landlord may deduct the unpaid VAT from his output liability.

However, the previous tenant would be liable for the VAT and be unable to claim recovery as the payment was not for services received. This again cannot be right.

CBI members accept that many long leases of major properties are held as pension fund investments. They realise that rents were fixed after indemnity provided by previous tenants. But our Common Market partners (and Scotland) do not similarly penalise tenants. The proposals put forward by the Law Commission and the CBI strike a fair balance between landlord and tenant.

The Lord Chancellor should consider them, and urgently.

John Banham,
director-general,
Confederation of British Industry,
Centre Point,
103 New Oxford Street,
London WC1A 1DU

Correction

In a leading article on March 24, and in Ian Davidson's column on March 30, a Figaro exit poll was quoted as showing that 41 per cent of voters in the French regional elections said they had been influenced by revulsion at recent political scandals. The figure should have been 6 per cent, according to a subsequent correction in *Le Figaro.*

Destroying praise for dancing

From Mr Patrick Allan.

Sir, Clement Crisp's review of the Moscow City Ballet's *Sleeping Beauty* (Arts, April 8) was, as so often, extremely funny. However, it would have been more useful had he concentrated on the quality of the dancing and the overall impression of the performance.

Instead, nearly half the review dealt with the costumes. Clearly they were poor — no doubt as a result of budget constraints which should not surprise us.

Passing reference to this should have been enough. What the reader wants to know is whether the performance was enjoyable.

When he eventually referred to the quality of the dancing, he praised it. But the effect was completely destroyed by his self-indulgent introduction.

Let us take for granted Mr Crisp's literary ability and keen sense of humour. Let him get on with fulfilling the prime task of a critic — giving a balanced, informative review.

Patrick Allan,
6 Catherine Court,
Lake Road,
London SW19 7EW

OBSERVER

Kohl's belt tightener

■ The great pear, as Chancellor Helmut Kohl is known in impolite Rhineside society, yesterday struck an exemplary blow against inflation and came down heavily on the side of belt-tightening.

Starting his Easter hols in Hofgastein, Austria, he has forsworn not just his favourite dish of Saumagen (stuffed stomach), but also pork, dumplings and beer for a whole fortnight. For the first week of his annual fast, he will consume only tea and mineral water.

His reward comes in the second week, when he lets his hair down and allows himself milk and two dry rolls a day.

The reward for those who have to live with the man, grumpy even when he is well-fed, is the prospect of a slenderised chancellor returning for the spring and summer term ready to get his teeth into an opposition also tenderised by last weekend's elections.

The great man can be counted on not to overdo his diet: he needs plenty of weight if he is to throw it around effectively in a tensely combative domestic arena.

His starting weight is a state secret, but his trainers claim that last year a similar régime helped him cast off 16 lb of his then 230 lb bulk.

Up and away

■ Shareholders of SmithKline Beecham who wept for the fate of chairman Henry Wendt under a prospective Labour government can dry their crocodile tears.

His pay has just been upped by a healthy 93 per cent, taking his reward for his efforts at the drug company last year to a round £1.8m. Amid the uproar at this generosity, accountancy firm Grant Thornton was rude enough to point out that under a Kinnock government Wendt could be £272,000 poorer than if the Tories were returned to power.

What everyone has neglected to consider is that Henry Wendt is domiciled in America. Observer hopes he slept well last night.

Starry-eyed

■ The Morning Star seems a slightly off-beat publication for a City scribbler's thoughts on the economy. But Neil MacKinnon, chief European economist at Japanese securities house Yamaichi, is spread across one and a half pages of that worthy organ this week — with an interview he says he gave the paper before the budget.

"They just rang me up out of the blue. I was rather taken aback actually, but I have no rule that I speak only to the FT." When Observer raised the matter with the Morning Star, it said that his analysis was in several respects sympathetic to its own editorial line.

MacKinnon is a Labour party member and has been advising, "very informally", John Smith and Gordon Brown on matters economic.

The main point of the interview is to highlight the familiar dangers of the "fiscal time bomb" he alleges chancellor Norman Lamont has created for himself. The Yamaichi economist's views on devaluation emerge clearly too. John Smith may have firmly ruled out devaluing the pound, but his "informal" adviser appears to think otherwise.

While acknowledging the onus on a Labour chancellor to appear "whiter than white" to financial markets, MacKinnon argues: "I think there must be a devaluation at some stage."

"I was a floating voter right up to the last minute — then I spoilt my ballot paper"

Rebel band

■ Australian ballet-goers wishing to see the Sydney Opera House's performance of Giselle right through, had better know Adolphe Adam's score note-for-note.

They look likely to have to sing along to keep the dancers going; the orchestra is threatening to stage a strike mid-way.

The musicians complain that their pit is too small and too noisy even though it was renovated earlier this year. While it has room for only 65, they say, the management often requires 70 or more of them to squeeze in.

They are also afraid that their hearing will be damaged by excessive noise levels, says Carla Thackrah, a flautist with the Australian Opera and Ballet Orchestra.

So far, the opera house's governing trust seems to have done little to avert the unscheduled interval. General manager Lloyd Martin has confined himself to reminding the orchestra of the dangers of causing discord with patrons.

The best hope perhaps lies in compromise.

After all, if the musicians would agree to delay their stoppage until within five minutes from the end of Giselle, the management could pretend they had switched to playing the American composer John Cage's "Four minutes, 33 seconds" in which the performer makes no sound at all.

Music's gain

■ London's City University has a new research fellow in Jewish Music. Or rather it has what is claimed to be the first research fellow in the world in this specialist area, with a brief stretching from liturgical music of the 12th century to Broadway musicals. And all thanks to Joe Loss, the band leader.

Joe Loss — for many decades a familiar figure in nightclubs and a reassuring sound over the radio waves — died last year. His family is financing the research fellowship in his memory.

The first Joe Loss fellow is to be Alexander Knapp, formerly of Wolfson College, Cambridge, a synagogue cantor and an expert on the Judeo-Hispanic ballade. He will be expected to lecture on the Jewish Foundations of Christian Liturgy — as well as handle the third year option on Tin Pan Alley.

Fail-save

■ "Sir, the files are overflowing. Can I throw away everything over 20 years old?"

"Good idea, but make copies first."

FINANCIAL TIMES
Friday April 10 1992

Conflict in Bosnia grows worse

Laura Silber reports on how western recognition of the republic made war inevitable. Fighting will not be house-to-house but flat-to-flat

THE DARKEST predictions of the outcome of the Yugoslav crisis are being realised. Civil war appears to have begun in Bosnia-Hercegovina, the latest Yugoslav republic to gain international recognition.

Serb irregulars seized the town of Zvornik on the eastern frontier with Serbia yesterday and Belgrade radio said the predominantly Moslem town was now a "free city" under Serbian control. The radio also reported artillery duels between the federal army and Croats in Mostar, southern Bosnia.

Many observers warned that violence in this central republic was inevitable following the European Community's recognition in January of neighbouring Croatia and Slovenia as independent states.

Germany, believing that immediate recognition would end the war in Croatia, pressed the EC to recognise the former Yugoslav republics. But this left Bosnia in the rump Serb-dominated Yugoslav federation which remained.

Mr Cyrus Vance, the United Nations special envoy to Yugoslavia, said yesterday that US and EC recognition of Bosnia had damaged the peace process. "When we had recognition of Bosnia ... that again threw another factor of instability into the stew, just as early recognition of the republics of Slovenia and Croatia did."

Mr Alija Izetbegovic, the Moslem president of Bosnia, felt he had no choice but to insist on independence for Bosnia before reaching agreement among the three ethnic groups on the republic's future shape.

Bosnia, sandwiched between Croatia and Serbia, is now the scene of several wars. These include a war among the ethnic groups within Bosnia to take control of local communities, and a war waged by Croats, from outside the republic, for control of western Hercegovina against Serbs and the Yugoslav federal army. But the most serious war is that being waged by the Serbs against Moslems and Croats, a war which is being masterminded behind the scenes by Mr Slobodan Milosevic, the president of Serbia, and General Blagoje Adzic, the acting federal defence minister.

The father of 22-year-old Olga Suvic, killed by a Serb sniper earlier this week, at his daughter's funeral in Sarajevo yesterday

Western diplomats based in Belgrade, the Serbian and federal capital, say Serbia appears set to fight a full-scale war in Bosnia despite a deteriorating economy. They say that Mr Milosevic is ignoring diplomatic pressure to stop the war and is making no effort to calm Bosnia's Serb leaders, who are known to take orders from him. Mr Radovan Karadzic, one of these leaders, says Bosnia's Serbs, who account for one-third of the population, have the right to 68 per cent of Bosnia's territory based on their definition of ethnic occupancy.

In a pattern already made familiar in Croatia thousands of Serbian ultra-nationalist fighters have been despatched to Bosnia on the pretext of defending "endangered" Serbs. They see themselves as threatened in an independent Bosnia and want to remain in Yugoslavia with Serbia and the republic of Montenegro, Serbia's close ally.

The current fighting is reviving bitter historical memories. The First World War began in Sarajevo, the capital of Bosnia, with the assassination of Austrian Archduke Ferdinand by Gavrilo Princip, a Serbian nationalist. And during the Second World War Serbs again showed their determination to fight for their perceived right to live together.

Croats, who make up 17 per cent of the Bosnian population, have also drawn their map which includes 35 per cent of the republic. Diplomats say that Mr Franjo Tudjman, the president of Croatia, is obsessed with annexing western Hercegovina, despite Croatia's formal recognition of Bosnian independence.

The carve-up of Bosnia by Serbs and Croats would leave Bosnian Moslems, 43 per cent of the population, without a homeland. Moslems, backed by Croats, support Bosnian independence, but the descent into anarchy leaves all the ethnic groups with no choice but to fight to defend their existence. The pattern of war in Bosnia risks following that of Croatia, which left at least 6,000 people dead and 1m homeless. In Croatia the ethnic divide between Serbs and Croats was generally clear. But there are no such precise divisions in the main towns of Bosnia.

All three communities have warned that fighting would not just be house-to-house but flat-to-flat in the numerous high rise buildings which surround Sarajevo. A plethora of militia groups is fighting in many local wars while military observers say at least one-third of the federal army is deployed in the republic.

Later this month the main body of 14,000 UN peacekeepers is due to be despatched to Croatia. But despite unsubstantiated hopes that their presence will calm Bosnia it now appears more likely that the UN will have to relocate its headquarters from Sarajevo, which on Wednesday night came under heavy bombardment by Serb irregulars.

THE LEX COLUMN

Looking for opportunities

This column being written ahead of the UK election result, there is no point in predicting how the UK markets will react. There is a good deal of point, however, in asking what reaction would be logical. On the crucial assumption that sterling will not move much whatever the outcome – for reasons discussed yesterday – it is not clear that the equity market ought to move much either. In fact, it will doubtless shoot all over the place: but that is an opportunity.

Large chunks of the equity market, such as oils and overseas earners, are by common consent fairly insensitive to the outcome. The market believes the utilities are highly sensitive, but it could be wrong. There are votes in being nasty to British Gas or BT whoever is in power. It matters slightly to consumer stocks whether Labour raises a net £3bn extra taxes and redistributes consumers' income, just as it matters slightly to the capital goods and construction industries whether there are mild fiscal incentives to investment. But in the context of an economy dominated by the ERM, that is tinkering at the edges.

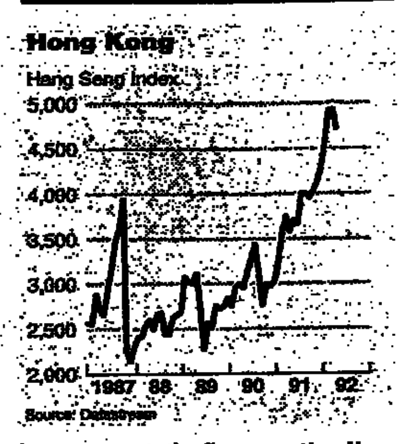
It is reasonable to suppose that yesterday's close of 2,436.4 on the FT-SE represents a point of equilibrium, if only because the final opinion polls were roughly equal and the big bookmakers were offering the same odds for both contenders. Once the election excitement has died down, the market may have to reconsider that position. Much has been happening in the real world during the election run-up: the further slide in UK property, the collapse of the Tokyo market and the most convincing evidence yet of modest recovery in the UK economy. But in the meantime, the short-term logic is appealing: sell into strength if the Tories win, buy into weakness if Labour does.

ADT

In one sense, ADT's 1991 annual report and accounts represent a welcome break with the group's mysterious history. Not only is there information in abundance, but it is of much better quality. The obvious inference is that Laidlaw, ADT's main and disgruntled shareholder, insisted on improved disclosure along with four non-executive directors as the price for settling their long-running dispute.

In broad terms, ADT's main businesses look healthy enough, so investors may not be too shocked to learn that in a year when pre-tax profits fell

FT-SE Index: 2436.4 (+43.2)



by 44 per cent, the five executive directors took a 12.5 per cent pay cut and still earned nearly $1m on average.

Rather less gratifying, however, is the fresh light shed on ADT's past profligacy. Its expensive stakes in Christies and Lep aside, easily the nastiest example is the group's acquisition two years ago of Britannia Security which, it appears, was based on thoroughly misleading asset valuations. For a paper deal worth a mere £105m, ADT now claims to have written off as goodwill the sum of $278m. This is the kind of mind-boggling accounting which suggests Laidlaw still has work to do.

US economy

The quarter-point cut in Federal Reserve's target rate for overnight money seems the more dramatic because it took the market by surprise. In fact, it is a measured response to mounting evidence that the US recovery is not as robust as at first seemed. It is also a reminder, pointed without betraying a sense of alarm, that the US authorities will step in to limit the secondary impact of Japanese financial market turmoil. If only one could believe the Bundesbank had a similar social conscience.

Skandia

Unhappy Hafnia, the Danish insurer which tried to force its plans for a Scandinavian alliance on an unreceptive Skandia, got its come-uppance yesterday. The company's senior executives fell on their swords after disclosing huge capital losses for 1991, while shareholders found themselves with little choice but to accept a rescue takeover bid from none other than their original Swedish prey.

In turning the tables, Skandia appears to have landed itself an attractive deal. The all-paper offer values Hafnia at DKr2.6bn, or a net DKr1bn if you knock off the value of Hafnia's 15 per cent Skandia stake. The Danish group's net assets, meanwhile, including the embedded value of its life fund, should work out at around DKr2bn even after last year's write-downs. In the process, Skandia has become the largest Danish insurer and has headed off the threat from its other would-be predator Uni Storebrand by persuading the Norwegian group to give up most of its 28 per cent stake. Uni's acquisition of Skandia's international reinsurance operations is very much a consolation prize. All in all, the shape of the Nordic challenge in a single European insurance market is becoming clear.

Hong Kong

It is tempting to blame the 4 per cent fall in the Hang Seng index in the first four days of this week on British politics. Hong Kong investors could not easily ignore the possible impact of the election on UK relations with China, not to mention the choice of a new governor. That may be one excuse for nervousness. But, as with the Hongkong Bank's bid for Midland, it is a minor one. The more immediate impulse has been weakness in Tokyo and, until yesterday, Wall Street.

Fears of distress selling by Japanese investors are overdone, but Hong Kong's trade-orientated economy would certainly suffer from a Japanese slowdown. Similarly, US reservations about recovery are scarcely encouraging. The question is how far these factors justify re-rating the Hang Seng market, especially after yesterday's easing by the Federal Reserve.

It is too early to conclude definitely that the problems facing Japanese banks make a deep recession inevitable. A weak US recovery is a two-edged sword for Hong Kong. Exports will be weaker, but, since the territory's currency peg forces it to track US interest rates, local borrowing costs will be held down. An expected rise of more than 20 per cent in corporate earnings this year puts the market on an undemanding multiple of about 12. There should be scope for the Hang Seng to resume its upward course, but events in Japan suggest greater caution than before.

Russia and Ukraine avert a clash over Black Sea fleet

By Chrystia Freeland in Sevastopol

UKRAINE and Russia averted a clash over the future of the Black Sea fleet yesterday by suspending their unilateral claims to the former Soviet Union's most powerful warm-water naval force.

The compromise was negotiated by telephone between Ukrainian president Leonid Kravchuk and Mr Boris Yeltsin, his Russian counterpart.

It followed a day of acute tension in Sevastopol, the fleet's headquarters in the Crimea. Admiral Igor Kasatonov, the fleet's commander, revealed that he had deployed armoured personnel carriers to patrol the streets following rumours of a Ukrainian attack. The carriers have now returned to base.

The fleet personnel is made up largely of Ukrainians although its command is mainly Russian. Crimea itself was once part of Russia and is now a district of Ukraine.

Conflict over the fleet has marked a low point in increasingly hostile relations between Ukraine and Russia, the two most powerful members of the Commonwealth of Independent States. Ukraine had threatened to leave the CIS over the issue, it emerged.

The row has caused anxiety among western leaders concerned about the former Soviet Union's nuclear capacity. In Brussels yesterday, Nato officials said the alliance had told Moscow and Kiev of "serious allied concerns" about Ukraine's decision to suspend the transfer of tactical nuclear weapons to Russia for destruction as previously agreed.

It said in a statement that the transfer of all such weapons to Russia should be completed by the agreed deadline of July 1.

The Ukrainian parliament yesterday ratified the government's decision not to hand over its tactical weapons to Russia for destruction until satisfactory international guarantees were in place. Itar-Tass news agency said a parliamentary resolution also demanded "technical" control over that portion of the ex-Soviet nuclear arsenal based on its territory.

Ukrainian authorities and the commander of the fleet announced the Black Sea fleet agreement yesterday. A commission will be set up to negotiate the division of the fleet between the two Slavic giants. Ukrainian and Russian foreign ministers are due to meet in the next few days to discuss the issue.

Earlier this week, Mr Kravchuk claimed jurisdiction over the entire fleet. Mr Yeltsin responded with a decree of his own, laying claim to the fleet, which numbers 350 ships, including 45 battleships, and more than 150 aircraft. It also includes 28 submarines with nuclear capacity.

The fleet is strategically important because of its nuclear capacity and because of its access to the Mediterranean and the Middle East.

Setback over German pay

Continued from Page 1

employer-nominated negotiator.

Officials of the OTV and DAG unions, which represent most of the workforce, said they had gone to the limits of their flexibility. If the employers did not improve their offer when formal negotiations resumed on Monday, they would hold strike ballots.

The last public sector strike, in 1974, stopped virtually all public services for three days.

The overall "compromise" package for the public sector is lower than the 6.34 per cent steelworkers' award, agreed earlier this year. It is, however, similar to the 5.8 per cent deal offered to bank staff last weekend by employers which enjoyed record profits last year.

Engineering employers, currently negotiating with unions pressing for a 9.5 per cent increase for 4m workers, said yesterday that the offer was too high, and could not be read as an indicator of what they could pay. The public sector award, the first agreed in last year's pay round, set the pattern for subsequent negotiations, in which the engineers won a 6.7 per cent basic increase.

This year, however, engineering companies have said the increase should be based on expected productivity rises of about 2.5 per cent.

The last stages of negotiations for the building industry, the strongest sector in the German economy at present, opened in Frankfurt yesterday with unions, demanding 9.8 per cent, faced with a 3.4 per cent offer.

Sterling and shares gain as Britain votes

Continued from Page 1

going to change my mind now".

Mr Kinnock voted early in his Islwyn constituency in south Wales and predicted equally confidently that the Conservatives were spending their last day in government. Asked about the likely outcome, he said: "It is coming up daffodils."

Whatever the outcome of the election, it is set to break a number of records.

The highest number of electors ever, 43.7m, were eligible to vote, and there were more overseas voters registered to vote than ever before at more than 30,000. The 2,925 candidates nominated for the 651 seats in the House of Commons was also a record.

A few upsets were reported. Voters were forced to use a car boot as a polling booth in Bishopsworth near Bristol after vandals had glued up the locks of the polling station, and two Lincolnshire polling stations were covered in brown paper after local Conservatives complained they had been painted red and yellow ~ Labour colours.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	S	14	57	Frankfurt	S	14	57	Majorca	C	14	57	Oporto	S	14	57	Tenerife	F	19	66
				Brussels	S	14	57	Geneva	S	10	50	Malaga	S	19	66	Oslo	S	9	48	Tokyo		-	-
				Budapest	S	11	52	Gibraltar	S	19	66	Malta	C	17	63	Paris	S	14	57	Toronto †	F	5	41
Ajaccio	C	-	-	Buenos Aires		-	-	Glasgow	C	13	55	Manila	F	37	99	Prague	S	12	54	Tunis	C	18	64
Algiers	C	15	59	Cairo	C	23	73	Helsinki	S	1	34	Melbourne		-	-	Reykjavik	F	-1	30	Valencia	F	15	59
Amsterdam	S	15	59	Cape Town	C	22	72	Hong Kong	F	21	70	Mexico City	C	26	78	Rhodes	S	19	66	Venice	S	15	59
Athens	F	19	66	Caracas	C	31	88	Innsbruck	F	11	52	Miami †	S	21	70	Rio d'Janeiro	C	33	92	Vienna	F	11	52
Bahrain	S	27	81	Casablanca †	C	17	63	Inverness	F	12	54	Milan	F	14	57	Rome	F	18	64	Warsaw	C	5	41
Bangkok	F	38	100	Chicago †	S	6	43	Islamabad	C	26	79	Montreal †	F	0	32	Salzburg	S	11	52	Washington †	S	9	48
Barcelona	F	17	63	Cologne	S	15	59	Istanbul	S	16	61	Moscow	C	2	36	S'Francisco †	C	12	54	Zurich	S	11	52
Beijing	C	17	63	Copenhagen	S	8	46	Jakarta	C	32	90	Munich	S	10	50	Seoul	S	24	75				
Beirut	S	18	64	Corfu	F	17	63	Johannesburg	F	24	75	Nairobi	F	24	75	Singapore	F	32	90				
Belfast	C	13	55	Dallas †	F	19	66	Lisbon	S	16	61	Naples	R	14	57	Stockholm	F	7	45				
Belgrade	S	13	55	Dublin	F	17	63	London	S	16	61	Nassau	C	26	79	Strasbourg	S	14	57				
Berlin	F	13	55	Dubrovnik		-	-	Los Angeles †	C	16	61	New Delhi	S	31	88	Sydney	S	18	64				
Biarritz	C	13	55	Edinburgh	F	15	59	Luxembourg	S	13	55	New York †	S	9	48	Taipei	C	24	75				
Bombay	F	30	86	Faro	S	17	63	Madeira	C	17	63	Nice	S	18	64	Tangier	S	16	61				
Bordeaux	S	16	61	Florence	C	14	57	Madrid	S	14	57	Nicosia	S	18	64	Tel Aviv	F	21	70				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

RECRUITMENT

JOBS: Employees believe companies have coped well with hard times, but recovery may take them aback

How recession-bound staff view their work

HEY, catch an eyeful of what follows! Its author, British, is comparing the *jobs out*look at the time of writing with conditions in the mid-1970s:

"One happy difference between then and now is that, in economically advanced nations at least, people reaching the age of 16 today have far better work prospects.... Happily, too, the coming shortage of youngsters seems sure to reverse one of the most depressing trends.., the growing liability of people aged 40-plus not only to be thrown out of work, but to be ruled out of consideration for other jobs that were available."

Rich, eh? Whether to laugh or cry at it will probably be a hard decision even for the thousands now in the said pickle at well under 40 years old. And do you know who wrote it?

I did, that's who. Just three years and three months ago.

What summoned the ludicrous *spectre from the deep was the* arrival of a survey* from the Wyatt management consultancy, albeit not one of the executive-pay kind regularly reported here. It was an update of an extensive study of British workers' attitudes to their jobs and companies, which was made by Wyatt in late 1988. That naturally sent me looking back to see what had been said about the earlier findings, and... well, the only thing that saved it from suppression was the realisation that I'd believed it, every word. Nor was I alone in wearing such rosy-coloured spectacles.

Which suggests there has been a marked change in perspective between the two studies – a shift which provides an illuminating context for the differences in attitudes the follow-up reveals. In both cases the people surveyed all had full-time jobs, were randomly chosen and contacted directly, not *through their employer.*

The number in the update was only 806 as against 3,275 in 1988, the reason being not so much increased difficulty in finding full-time employees, as the consultancy's wish to contain costs. One thing that may reflect the nature of the recession, however, is that whereas nearly one in five of the original 3,275 were managers with at least two levels of staff under them, the same applied to only just over one in 10 of the latest group.

So what did the findings show about the attitudes of us still employed Brits last November as compared with those of three years before?

The first example—that more of us are worried about our long-term job-security—is less startling than that the anxious proportion has risen only from 36 to 48 per cent. What does seem surprising is that despite our increased worries about security, our morale is high.

One question put to the 806, though not asked in the rosy days of 1988, was if their employers had coped well with recession. Over two *thirds answered yes, and almost as* many thought their organisation well placed to take advantage of an up-turn.

To back that air of confidence, questions asked in both surveys suggested that organisational performance has improved. Nearly four in every five of the latest group felt that overall quality of work and services was good, as against three in five before. Employers were seen as tolerating sub-standard workers by only 32 per cent compared with 41, and the proportion saying quality had been reduced for the sake of cost-cutting was up by a mere 1 per cent to 30.

The greater confidence in employing outfits was accompanied by a rise in personal satisfaction with the job – up from 59 per cent to 66 in general terms. The belief that payroll-cuts often produce welcome opportunities for the survivors is supported by rises of much the same order in the shares saying their jobs gave them a sense of achievement and a chance to use their particular skills and abilities.

Accordingly, perhaps, 45 per *cent felt their organisation was* more than just a place to work, compared with 38 three years earlier. Even more—57 per cent as against 45—said they'd recommend other people to join it.

All of which would seem a feather in the cap of the heads of British companies. To stay in business, the managers have imposed some stern treatment on us in the managed majority, and those of us who have survived it, at least, evidently tend to feel better as a result. Which in turn might strike the managers as good reason to go on handing out the same medicine in future, boom or bust.

If they do so, however, my suspicion is that they will make the same sort of mistake as the one exemplified by now ludicrous-looking prophecy I made in 1989. It's the mistake of assuming that the forces which dominate in the climate of the moment will continue to be dominant when it changes.

Other evidence from Wyatt's study suggests otherwise. The prime case in point is that when the 806 were asked what they intended to do when the economy improved, nearly a quarter said they'd find another job – close on double the proportion who wanted out in 1988. What's more, while the most footloose of the various types of worker were the manual sort, 22 per cent of the managers planned to leave together with 23 per cent of the technical specialists.

That finding endorses a lot of other research which shows that, while people may make the best even of military discipline and often admire those who impose it when there's no other choice, they never lose their aspirations to be treated as free-born human beings. Nor do they fail to notice it when they are being treated otherwise.

For instance, of Wyatt's 806, around three quarters declared that their boss was not only technically proficient, but understood the work they themselves did. By contrast, less than half thought their boss competent at dealing with human problems and motivating staff.

Pay was another thing that, although they broadly felt it *adequate* in the circumstances, they largely didn't find motivating. Not much more than a quarter considered that how much staff got really reflected the contribution they made, and under a third said they had been helped to improve their work by performance-appraisal schemes.

What's more, they were not much encouraged by the promotion prospects in their present company. Of all types of staff, just 33 per cent were satisfied with the openings on hand. Of the technical specialists whose skills are often crucial, only 23 per cent were content.

Since a lot of research has shown that good prospects for promotion tend to be decisive in retaining people against jobs-market competition, that finding looks ominous for employers once demand revives. For something that has not changed since 1989 is the decline in the number of young people available for recruitment.

So if Britain stages an economic recovery, my rosy forecast might eventually prove right. In which case, given that I'm still around, I'll be tempted to brandish the same words again, proudly for a change.

One damper on my hopes of getting the chance, however, is the 806's answers to Wyatt's questions about the approach of the single European market. Only about a third thought their organisation would benefit from the change, and fewer than two in every five said their employers were making any preparations for it at all.

Michael Dixon

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The position includes the following functions: Accounting and Financial Reporting (consolidation and local), Business Planning, Treasury, European and local tax issues plus some administrative responsibilities.

Some travel within Europe is envisaged.

Successful candidate will report to and is expected to work closely with the Vice President Europe.

Ideal candidate should have at least 5 years experience with a multi national company at both affiliate and headquarter level and should possess an Accounting/MBA qualification from a recognized body.

Excellent remuneration package available. Please send your application with full C.V. to:

NOVO NORDISK BIOINDUSTRIE S.A. EUROPE
79, Avenue François Arago
92000 Nanterre
France

Novo Nordisk

Group Finance Director

M4 Corridor Package c.£45k

This successful and growing public company, with £12 million turnover, comprises three main businesses serving the aerospace industry. The Group now seeks a senior financial executive with distribution/manufacturing and plc experience to work with the Chairman/Chief Executive.

In addition to managing and developing the Group finance and company secretarial functions and advising subsidiaries, the appointee will play a key role in business planning, budgeting and analysis. Other responsibilities will include conducting special investigations and liaising with external advisers regarding potential acquisitions.

Likely to be an FCA, the ideal candidate will have broad commercial skills and experience of mergers and acquisitions. Our client seeks a proactive person with interpersonal and intellectual strengths, enthusiasm and determination to achieve success. Flexibility and creativity to meet both operational and strategic requirements will be crucial to the success of this demanding role. Candidates should already live in the area and be prepared to travel within the South of England. The comprehensive remuneration package includes a bonus, share options and fully expensed car.

If you have relevant experience and would like to develop your career in this dynamic environment, please write with full cv and details of your current remuneration to Sarah Gilbert, KPMG Selection and Search, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone: (0272) 732291.

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FINANCIAL CONTROLLER

QUOTED COMPANY - S.W. LONDON

PACKAGE TO £35,000

We are a financially robust, fast growing quoted company and are market leaders having expanded both in the UK and Overseas in wholesale distribution with fully computerised information systems.

The role would suit a 28-35 year old ACA and will cover all the normal financial controls with added responsibility for input into the continuing growth and improvement of the company's internal management systems.

The successful candidate will possess and have proven a high level of commercial awareness in addition to the usual expected skills.

Please reply in the strictest confidence:

Samantha Hyde,
Northamber plc, Lion Park Avenue
Chessington, Surrey KT9 1ST.
Tel: 081 391 5505
Fax: 081 391 4739.

DIRECTOR OF FINANCE

For the LEONARD CHESHIRE FOUNDATION, a leading international charity committed to promoting the care, general well-being and rehabilitation of people with physical, mental or learning disability. The Foundation is now modifying its U.K. structure to meet the needs of its 83 Homes and 30 Family Support Services and to ensure that it can conform with the requirements of current legislation in community care.

Reporting to the Director General, the Finance Director will be responsible for the Foundation's central financial management and for providing guidance and co-ordination in respect of the finances of the UK Homes and Services. He/she will also have responsibility for the Foundation's Public Affairs department which provides public relations and fundraising support on a national basis.

A successful candidate is likely to have a recognised accountancy qualification, wide commercial experience and excellent communication skills. Experience of fundraising and of work in the voluntary sector would be an advantage.

Salary Circa £32,500. Contributory Pension Scheme. Location - Central London.

Please write in confidence with full CV to:
Director General, The Leonard Cheshire Foundation,
26-29 Maunsel Street, London SW1P 2QN, by April 21st.

Group Financial Executive

Cotswolds Package £35k +

Our client is a well-established, entrepreneurially-led, multi-site group of companies with a turnover exceeding £20 million involved in the design, manufacture and worldwide sale of specialist industrial products. Following several years of successful growth and having significant institutional backing, the Group is planning substantial acquisitions in the UK and overseas.

Reporting to the Group Financial Director and working closely with senior executives across the Group to give financial guidance, the successful candidate will have a broad range of financial and business responsibilities in this new post. These will encompass the development of accounting policies, procedures and controls as well as statutory and management accounting.

The ideal candidate will be a qualified accountant of graduate calibre with a track record of achievement in a manufacturing environment. Experience of all aspects of financial management, coupled with commercial vision and an innovative and practical approach to problem solving are pre-requisites. Strong communication skills are essential; a good working knowledge of German and an interest in, if not exposure to, European industry are desirable. The Group offers excellent career opportunities and rewards for those keen to prove their capabilities in an ambitious and exciting company. Relocation assistance will be given where appropriate.

If you have the experience and drive that we are seeking, please write with full CV and details of your current remuneration to Sarah Gilbert, KPMG Selection and Search, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone: (0272) 732291.

KPMG Selection & Search

Emerging Markets – Corporate Finance

*** Associate for the sub Sahara region**

*** Competitive salary plus banking benefits**

As a major force in corporate finance, this international investment bank has an enviable reputation as a market leader in the generation of innovative ideas and techniques. A global player, their pioneering approach has been much in evidence in the development of the emerging markets, notably the sub Sahara region.

They now wish to focus their efforts on specific industry sectors and as a result, wish to recruit an additional member for their team with experience of the mining industry in the sub Sahara/Africa region.

The successful individual will join the team at associate level. The role will involve analysis of financial information including credit assessment, analysing deal structures and application of financing techniques within the legal and accounting frameworks of the various countries within which the team operates.

Marketing is an essential element of this role and the successful candidate will be expected to accompany senior officers on trips to meet prospective clients and, in addition, will be responsible for independent liaison with clients during the execution of transactions.

The ideal candidate is likely to be in their mid to late 20's with a good first degree (preferably in engineering) and an MBA. Previous experience and a strong background in the African mining/engineering industry is essential as is a knowledge of African culture and at least one local language.

Experience of the relevant government agencies and political/business system would be a key asset. He/she must also have good corporate finance training, in particular: knowledge of privatisation techniques, derivative products, financial and project advisory work, M&A and structured trade transactions. Transaction related experience in these areas would be useful.

Interested candidates should send a detailed CV and covering letter to Jane Hayes at BBM Associates Ltd (Consultants in Recruitment) at the address below, or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653 Fax: 071-248 2814

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Paris, France - London, UK

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He or she will be skilled at developing his/her own global client base and posess a good comprehension of global capital markets.

An MBA or equivalent quantitative degree would be an asset, as would be a fluency in one or more European languages.

Salary commensurate with experience, in addition to incentive compensation based upon performance and contribution to team.

Interested candidates are encouraged to send a resume and cover letter to : Frédéric Delattre - Human Resources Department - UNION EUROPEENNE DE CIC - 4, rue Gaillon 75107 Paris Cedex 02 - France - or by facsimile to (33-1) 42.66.78.80.

Carré Turenne

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Knowledge of the financial markets, gained from working within the financial sector, sales experience and a foreign language ability would be a definite advantage. All candidates should be of graduate level and aged between 25-35.

An attractive remuneration package will be offered to the successful candidate, with the appropriate experience. The job will entail considerable overseas travel.

Please apply in writing to: Miss Jessica Chenevix Trench, Euromoney Publications PLC, Nestor House, Playhouse Yard, London EC4V 5EX

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To apply please write to the Group Managing Director, enclosing a copy of a full Curriculum Vitae.

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We are an independent, agency stockbroker providing investment advisory services to institutions and private clients. We have established a leading position as an investment trust specialist and have an active Corporate Finance Department that has completed more than £2bn of transactions since its inception in 1987. Recent restructuring within the Company has created an opening for a trainee within the Corporate Finance Department

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The successful applicant will work as a trainee in a team, within a progressive environment, supporting the initiation, structuring, negotiation and closing of transactions against tight time schedules, as well as liaising with the appropriate regulatory authorities.

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Remuneration will be commensurate with qualifications and experience.

Applicants should write, enclosing a detailed curriculum vitae, to Ms. S. Robinson, Olliff & Partners P.L.C., Saddlers House, Gutter Lane, Cheapside, London EC2V 6BR

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MERGERS AND ACQUISITIONS

Emerging entrepreneur requires solicitor/accountant age 45 to 55 to form personalised team on project by project basis. New member will have specialised hands-on knowledge of mergers/acquisitions and business transfers on deals in excess of £10m. Please give CV and examples of deals negotiated. Box No: A1807, Financial Times, One Southwark Bridge, London SE1 9HL

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with working knowledge of German and/or Dutch government markets. Brady experience useful.
Contact: Mike Conway,
Tel 071-702 3561

ACCOUNTANCY COLUMN

Time to clarify the obligations of auditors

By Dermot Glynn and Derek Ridyard

THE 1990s pose fundamental problems for UK accounting firms. In addition to increased commercial pressures, the profession faces a *threat from public policy makers*. There is increasing suspicion about the effectiveness of self-regulation. Who audits the auditor? And who should do so?

The debate on auditor regulation and accounting firm competition is taking place across the EC. A patchwork of regulatory structures and accountancy cultures has generated a confusing array of calls for action. Many are addressed in a study commissioned by DG IV, the EC Directorate in charge of competition policy, from economic consultants NERA.*

The root of the regulatory debate is the auditor's position between, on one hand, the managers of public companies, and, on the other, their owners and other groups such as employees, pension fund beneficiaries, creditors and government departments which rely on the accuracy of the audited accounts. The auditor is hired by the managers to protect the interests of this latter group of "stakeholders".

There are obvious tensions when the interests of the two groups diverge – perhaps because of suspected fraud or more typically because managers have an interest in the reported results being well received by investors and others. Economists analyse such divergences of interest between one party and the agent employed to work on its behalf as a "principal/agent" problem.

Traditional solutions of professional self-regulation backed up by legal redress as a last resort appear to be ripe for reform. Recent financial scandals have cast doubts on whether the threat of public disgrace is sufficient to safeguard audit standards.

These doubts are confirmed by the *experiences of investors who* have sought redress for auditor malpractice in the courts. Almost all such cases are settled out of court without any clarification of the legal duties. The Caparo case, which clarified auditors' responsibilties, underlined the gulf between what users expect, and what *the auditor is prepared to offer*.

The auditor's signature is treated by users of company accounts as an assurance of the quality of the information they contain – a kind of insurance policy against the risk that the company's true financial state is not what it appears.

The leading audit firms, whose strong brand names command a substantial price premium, have an interest in sustaining this belief. Yet attempts to make a claim on this policy show that pay-out terms are unreliable and highly uncertain.

The most common form of audit regulation proposed is to prevent auditors carrying out consultancy assignments for their audit clients – a feature of several EC markets.

The NERA study showed that the major accounting firms rely heavily on audit clients for their non-audit business. But it also found the firms had managed to avoid the regulations in these countries.

A second mechanism, favoured in Italy and Spain and suggested elsewhere, is to have periodic compulsory rotation of auditors, to prevent too cosy a relationship between the audit partner and the management of the firm. But this causes potentially high disruption costs and raises questions as to the quality of the audit scrutiny during the transmission period.

A third solution, favoured by some accounting firms, is to introduce measures to reduce the intensity of competition for the audit contract, removing the temptation to reduce audit quality as a means of cutting costs.

Protection from competition might reduce the tendency of the client to

Traditional solutions of self-regulation backed by legal redress as a last resort appear to be ripe for reform

question the value for money offered *by the auditor. But the idea that pro*tectionism guarantees higher standards holds no more water in this context than elsewhere.

None of the models for reform suggested by the other EC states really addresses the principal/agent problem which underlies the need for *reform. If the question of auditor inde*pendence is to be tackled, more fundamental issues need to be addressed.

The crucial question in devising a more effective regulatory structure is how to ensure that the auditor's incentives are aligned with those whom the audit is designed to serve, and not with those who pay their fees. The first step in enforcing this alignment is to clarify the nature of the audit. What guarantees does the audit signature entail? And what class of user is entitled to make a claim on those guarantees? If we think of the audit as an insurance policy, the current "expectations gap" means that many who believe they have insurance cover find they have none at all.

The extent of cover against inaccuracy in the audited accounts is tied up with the meaning of the "true and fair view" promise contained in each set of audited accounts. There is almost complete uncertainty as to the meaning of this phrase, and a desperate requirement for further clarification.

There is also a pressing need for the identity of the policy-holders to be *made clearer. A strong public policy* argument exists for ensuring that the auditor has a clear duty of care towards all stakeholders in a company, including creditors, employees and pension fund beneficiaries as well as present and future equity investors. All these classes of consumer *rely on the information which is certi*fied as true and fair by the audit statement, and all feel cheated when financial scandals reveal that their confidence is misplaced and they have no adequate redress.

Deepening the auditor's statutory obligation by imposing some concrete meaning on the true and fair view, and widening that obligation by extending the class of users to whom the auditor owes a duty of care, would imply an increase in audit costs. The current lack of transparency makes it impossible to judge the optimal mix in this public policy cost-benefit trade-off.

In a sense, however, the exact nature of the rules which determine the auditor's obligation is less important than that the rules should be clear and transparent. If, for example, the auditor's duties were confirmed to be exceptionally shallow and only to apply to a narrow group of users, this would have two important effects.

First, it would place a harsh focus on the prices charged for the audit signature. Why should such high sums be paid, and why should the "Big 6" firms' audit signatures command such a high premium, if the value of the product is so limited?

Second, it would better expose the gap in the market for financial guarantees. This would stimulate the development of a variety of non-statu*tory audit products* which really met the demands of the users of financial information. The financial institutions would be able to develop meaningful financial guarantees backed by accounting firm signatures and connected to clear obligations as to the accuracy of the data being certified. *This would open the* way to real competition on price and quality.

Audited accounts are of such importance to such a wide class of users that one would hope the statutory audit obligation will in practice settle some way above this minimum level. The statutory audit should offer real benefits to these users for which they would be prepared to pay. Policy reforms which fudge the issues, or which attempt to solve the principal/agent problem by marginal tinkering with the existing system, are unlikely to deliver the benefits which the financial system requires.

"Competition in European Accounting" to be published in May by Lafferty Publications, the Tower, IDA Centre, Pearse, St Dublin 2, £545.

Dermot Glynn is managing director of NERA. Derek Ridyard is a senior consultant with the firm.

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The Finance Director will play a crucial role in the company's future development, being responsible to the Chief Executive for the entire financial structure of the business. In addition to the normal control and reporting responsibilities associated with an appointment at this level, the successful applicant will be expected to work closely with the Board towards the formulation and execution of sound commercial strategies, and to maintain a strong interface with banks and professional advisers.

Candidates, aged up to 45, should be qua ed accountants with a demonstrable track r rd of achievement gained at senior level in an international trading environment. Pro n expertise in the areas of stringent cost control an ash management, coupled with personal m rity, strong communication skills and clear comm ial vision, are essential.

Interested applicants should forward omprehensive curriculum vitae, quoting ref: 2651, Alan Dickinson FCMA, Executi Division, Michael Page Finance, P e House, 39-41 Parker Street, Lo n WC2B 5LH.

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Finance Director

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They seek a Finance Director to assume full responsibility for both finance and systems departments and to liaise actively between group and subsidiary in the ongoing expansion of the division.

The position carries responsibility for some eleven staff, reporting operationally to the Managing Director and functionally to the Group Finance Director. In addition to developing management and group reporting, improving credit control and costing systems, the position involves financial planning and budgeting and the development of formal strategic goals. Improvements in productivity and profitability will be achieved by working closely with production to accurately predict activity levels, and much ad hoc work including acquisition related matters is anticipated.

The successful candidate will be a graduate qualified accountant, aged 30-35, with industrial experience gained in one or all of the manufacturing, retail and distribution sectors. He will have a first class business acumen, long term planning and modelling skills and practical systems development experience, both in accounting and manufacture. A team player, the candidate will nevertheless be assertive, willing and capable of originating and implementing change.

If you have the drive and ambition to succeed and progress within this dynamic culture, then apply enclosing a curriculum vitae, to **Oliver Howl BSc ACA, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST,** quoting reference **OH131.**

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You will be a gra ate qualified accountant with ality experience in a large, fast mo g environment and will have been i lved in change management. P essing "hands-on" experience of n main-frame and p.c. applications, y will have spent the past 4/5 year a senior position.

With the driv nd energy to join a committed m agement team to deliver resu n time, your technical proficiency aken as read. However strong man ment skills and the ability to co unicate, both verbally and in writ are paramount as the culture is roactive service, respondin ickly to user needs, combi g diplomacy and strength.

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The successful candidate will be a qualified ACA with circa two years PQE line management experience in a financial institution. They will need to demonstrate a good knowledge of Futures, Options, FX and Warrants and experience of Fund Administration would be an added advantage. As important as a demonstrable high level of intellect is the need to possess a strong outgoing personality as this is a high profile role. Prospects for the right candidate are excellent.

If you feel you can meet these demanding requirements, please send a full curriculum vitae to **Hugh Everard, Director, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH,** or telephone him on **071 831 2000.**

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Continued growth in this large, dynamic, highly profitable retail organisation has led to the creation of this new position, reporting to the Finance Director, responsible for the control of the retail accounting functions of the company.

The role includes the management of a large number of staff through established departmental heads. We are looking for an individual with man-management skills and an aptitude for systems and procedures, with a view to their further enhancement. This includes an ambassadorial role with retail operations, banks and credit providers.

The successful applicant will be a qualified accountant with extensive experience of accounting for multiple outlets. The ability to motivate staff and communicate at all levels is essential as is the ability to oversee systems development work.

In the first instance please call David Boothby or Giles Daubeney on 071-379 3333, or write enclosing a copy of your curriculum vitae to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Fax: 071-915 8714. All enquiries will be treated with the strictest confidence.

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The Company is long establishedghly respected, and currently generates revenues of around £35m is in turn part of an acquisitive public group with an excellent tarecord of profitable growth.

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EXECUTIVE ONNECTIONS

COMMERCE & INDUSTRY

43 EAGLE STREET, LONDON WC1R 4AP. 071 242 8103. FAX: 071 831 4371

You are probably a graduate with a business related degree, qualified as an accountant and operating in a commercial environment. Since qualifying you have developed a strong commercial bias in a major division of a plc or a large professional firm. You can demonstrate not only the ability to play a pure financial role in the company, but the capability to react to the business needs and opportunities that arise.

Our client, a world leader in its field, is itself part of a major plc. The financial aspects of this business are extremely complex so require strong management and control through numerous locations both nationally and internationally. It is a fast moving, high volume, low margin business which, with the competitive nature of a service industry world-wide, brings the management of profit and cash flow into sharp focus.

The company's next stage of development requires young, ambitious qualified accountants whose post qualification experience in a pressurised environment has given the individual scope to prove their management and communication skills. For such people there are the following opportunities:

Financial Accounting Manager

Leading a small team of professionals, you will assess and develop financial controls and reporting systems within the Head Office. This is a particularly exciting stage of our development with the introduction of new advanced systems and the opportunity to co-ordinate corporate tax matters for an international company. ***Quote Reference 1184/1.***

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A Micro-Control specialist and a qualified accountant, you enjoy using your group accounting experience to design and build practical financial systems. ***Quote Reference 1184/2.***

International Management Accountant

Working with the operating units, you will apply your professional expertise to help the business meet its commercial objectives through business analysis and review of budgets, forecasts and projects. You will have international company experience ideally in the transport industry. ***Quote Reference 1184/3.***

If you believe that you could play a vital part in this company, then write to me quoting the appropriate reference and enclosing your CV with a covering letter telling me why.

~~Frank Wilcockson, Director, Lansdowne, Rosedale House, Rosedale Road,~~ Richmond, Surrey TW9 2SZ.

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The Role

- Consolidate French subsidiaries under French statutory accounting standa.
- Introduce and prepare monthly management accounting pack for UK.
- Ensure flow and accuracy of information meets parent company guidelines
- Develop sound working relationships with each subsidiary; improve systems and controls where necessary.
- Handle troubleshooting projects, acquisition investigations, ad-hoc exercise
- Build up small accounting team in Paris.

The Candidate

- Qualified accountant, preferably chartered, age 30/35.
- Successful track record achieved within multi-national, multi-site environme.
- French-speaking: will have worked in France, understand culture and busiss behaviour.
- This could also include a French national with extensive experience workingr a UK-based multi-national and with an understanding of British business ethics.
- Excellent communication skills; commercial attitude; energetic, personal styl

Please apply in writing, enclosing full c.v. quoting Ref: M739.

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Financial Controller

Our client operates at the leading edge of polymer technology. It small, internationally and generously funded, and growing rapidly. now needs a Financial Controller who will oversee the administration function, represent the company to any external financial institutions, and put in and develop sensitive computerised management information and control systems appropriate to the company's changing needs.

The successful candidate will probably be aged early 30's upwards and will be a well-qualified accountant. In addition to expertise in the above duties, experience of working in small, multi-functional teams would be valuable, as would working and costing in a high technology environment.

We seek a dedicated, shirt-sleeve team person who will throughout display professionalism and co-operation in equal measure and who will grow with the company.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to the Managing Director, Performance Management Limited, 3rd Floor, Waterloo House, 20 Waterloo Street, Birmingham B2 5TF quoting reference P186.

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- a Manager currently in the profession or Tax Adviser working within an established commercial tax environment

Interested applicants should contact Graham King, Manager Taxation Division on 071-379 3333, fax: 071-915 8714 evenings/weekends on 071-226 4557 or write to him enclosing a detailed CV at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

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Please send full personal and career details, including current remuneration level and daytime telephone number to Angela McDermottroe, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Albion Court, 5 Albion Place, Leeds LS1 6JP, quoting reference 257AM. Further particulars may be obtained by telephoning (0532) 431343. The closing date for applications is 30 April 1992.

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SEARCH & SELECTION

FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 10 1992

INSIDE

Goldman cleared on Maxwell shares

Goldman Sachs, the US investment bank, was yesterday cleared by the London Stock Exchange on one aspect of its dealings with the late Mr Robert Maxwell. Wider aspects of an alleged illegal support scheme for the shares of Maxwell Communication Corporation, the listed media group, are still under investigation by other authorities. **Page 27**

ERM parities

A full set of parities for the exchange rate mechanism of the European Monetary System after the admission of the Portuguese escudo is published in today's FT. The table includes the rates at which central banks are committed to buy and sell every other currency in the system, together with the bilateral central rates. **Page 24**

High-fliers find frontier spirit

The days are over when would-be high-fliers in Germany's big banks felt obliged to spend a year or two in Tokyo, London or New York. The opportunities are in the banks' own back yard, in the eastern part of Germany. A frontier spirit prevails as German businessmen are building a modern market system on the ruins of a centrally planned economy. **Page 22**

Japanese will need less metal

Japan's economic problems will hold back worldwide metals demand and consequently western world consumption growth this year will be only "modest", the Metal Bulletin Research organisation says in its latest report. *MBR suggests that Japan is going into recession* and "metals demand there will be disappointing throughout 1992". **Page 30**

Harry Ramsden's opens in HK

Harry Ramsden's, the Yorkshire fish and chip seller, is hoping Hong Kong will take a liking to its secret batter with the announcement of a new joint venture in the colony. The first overseas Harry Ramsden's fish and chip shop is being set up in Wanchai, formerly known for its Suzie Wong *girlie* bars but now an up-and-coming business district. **Page 27**

Confidence returns to Lima

The surprise dissolution of Peru's Congress on Sunday night by President Alberto Fujimori sent a slight tremor through the stock exchange in Lima. But by midweek confidence was returning in line with the popular public backing for Mr Fujimori's action. In spite of a 9 per cent fall in the general index since last Friday, trading was reaching normal levels again by Wednesday. **Back Page**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
DLW	575	+	10
Falls			
Colonia Knzn Pf	565	–	25
Hochtief	1298	–	8
Karstadt	634.5	–	4.5
Lahmeyer	772.5	–	17.5
Porsche	545	–	5

NEW YORK ($)			
Rises			
Dayton Hudson	62¼	+	2¼
Fannie Mae	65⅛	+	2⅛
Gen Electric	74⅛	+	1¼
Kmart	51½	+	1⅞
Merck	149⅝	+	3⅛
Morgan (JP)	55	+	2⅝

PARIS (FFr)			
Rises			
Alcatel Alsthom	617	+	22
Bancaire Cie	475	+	15
Canal +	1099	+	48
Elf-Aquitaine	368.4	+	14.4
Saint Gobain	551	+	20
Falls			
UFB Locabail	272.1	–	8.9

TOKYO (Yen)			
Rises			
Showa Denko	305	+	42
Falls			
Clarion	523	–	54
Denki Kagaku	270	–	54
Japan Secur Fn	1270	–	200
Nippon Carbon	458	–	100
Nippon Formula	322	–	47

New York prices at 12:30.

LONDON (Pence)			
Rises			
AMEC	149	+	11
Brit.Telecom	314	+	7
Cowie (T)	127	+	9
Dowty	110	+	5
Fisons	358	+	15
Harland Simon	94	+	15
ICI	1273	+	14
MTM	33	+	5
NatWest Bank	294	+	14
Nobo Group	92	+	15
North. Elect.	258	+	18
Rugby	181	+	11
Smith (WH) A	415	+	22
Young Group	25	+	7
Welsh Water	356	+	18
Whitbread A	387	+	18
Falls			
BM Group	294	–	12
Euro Disney	1443	–	22
Eurotunnel	403	–	10
Reuters	1085	–	20
Sindall (Wm)	133	–	10

Skandia agrees to take over Hafnia

By Hilary Barnes in Copenhagen

SKANDIA, Sweden's leading insurance group, strengthened its position in the Nordic area yesterday when it agreed to take over Hafnia, Denmark's second largest insurer.

The deal will create a group with premium income of SKr22bn ($3.6m) and assets of SKr176bn.

Mr Bjorn Wolrath, Skandia's chief executive, said here yesterday it represented "a significant step in Skandia's strategy of establishing a strong position in the Nordic home market and in Skandia's international operations, *where the focus will* shift to direct insurance".

Hafnia's UK life business, Prolific, and general insurance company, Economic, will merge with Skandia's NIG Skandia.

The agreement was a humiliation for Hafnia, which last December, together with Norway's Uni Storebrand, bought heavily into Skandia with the *intention of establishing a* major Nordic alliance.

Hafnia's position was weakened by a DKr1.22bn ($191m) 1991 loss announced yesterday. Mr Per Villum Hansen, chief executive, and Mr Henrik Klaebel, a direc*tor, stood down yesterday.*

Mr Ebbe Christensen, Hafnia chairman, said Hafnia's parent had borrowed about DKr500m from its subsidiary Hafnia Insurance. He believed some was used to buy shares in Skandia. He said a loan of this kind from a subsidiary to a parent was illegal.

Uni Storebrand will take over Skandia International, Skandia's reassurance business (with the exception of its North American reassurance operations) to become one of the world's 15-largest reassurance writers with premium income of about $1bn.

The Norwegian company's deal *involves a share swap. The terms* were not announced. Uni Storebrand holds 28 per cent of Skandia, to be reduced to 4 per cent when the deal is completed.

Mr Jan-Erik Langangen, Uni-Storebrand chief executive, said he was satisfied he had strengthened the group's international business.

Skandia's acquisition of Hafnia will take place through an exchange of nine Skandia shares for four Hafnia Holding A shares and five B shares.

The Skandia/Hafnia group will have about 20 per cent of the non-life insurance business in *Denmark, where Skandia already* owns general insurance company Kgl Brand, 15 per cent in Norway, where Skandia owns Vesta, and 23 per cent in Sweden. It will also have 10 per cent of the life business in Denmark and 32 per cent in Sweden.

Hafnia's 1991 loss included an unrealised loss on shareholdings in Skandia and Hafnia's domestic rival Baltica of DKr876m.

Group equity capital was reduced from DKr5.34bn to DKr3.88bn over the year.

Lex, Page 18
Background, Page 20

Crédit Lyonnais falls to FFr3.2bn

By Alice Rawsthorn in Paris

CREDIT Lyonnais, one of the largest French banks, yesterday reported a fall in annual net profits, from FFr3.71bn ($660m) in 1990 to FFr3.16bn, after doubling the client risk provisions to FFr9.5bn because of loan losses.

The fall was disclosed on the same day that the senate, the upper house in the French parliament, ordered an inquiry into the bank. The inquiry follows a lobby last year by opposition politicians demanding a formal investigation into Crédit Lyonnais' involvement with the ill-fated takeover of MGM-Pathé, the Hollywood movie studio, by *Mr Giancarlo Parretti, the Ital*ian businessman whom Crédit Lyonnais later ousted from MGM. Mr Jean-Yves Haberer, chairman, said it was too early to comment on the inquiry.

Crédit Lyonnais, which may have to make bigger provisions in 1992 because of its exposure to Olympia & York, the Canadian property group, raised its *total provisions from FFr6.5bn to* FFr9.6bn last year.

Its client risk provisions – thought to include write-offs on loans to VEV, the French textile group, and Hachette, the publishing company, as well as on MGM and the companies headed by the late Mr Robert Maxwell, the UK publisher – rose from FFr4.2bn to FFr9.5bn.

The increase in provisions, to the upper end of analysts' estimates, meant that net profits fell in spite of a 13.5 per cent increase in net banking income, from FFr40.83bn to FFr46.33bn. Mr Haberer said the increase reflected the strong performance of Crédit Lyonnais' retail banking networks in Europe, and its investment banking interests in the US.

Earnings per share fell from FFr110.6 to FFr90 but the board proposed holding the dividend at FFr34.5 a share.

Mr Haberer said that in spite of the increase in provisions and the problems posed by the worldwide economic slowdown, he was encouraged by the progress of Crédit Lyonnais' retail networks and by the increased contribution from its industrial investments.

He said the group would continue expanding its European *network, and confirmed it was* still in discussions over an investment in Germany's BfG, the union bank belonging to the AMB insurance company.

Midland Bank deal questioned by China

By Simon Holberton in Hong Kong

CHINA yesterday questioned the financial soundness of Hongkong and Shanghai Bank's proposed takeover of Midland Bank and reminded the bank of its responsibilities to Hong Kong.

The New China News Agency (NCNA) quoted an unnamed official of the Bank of China who said Midland *was the worst* performing of Britain's four clearing banks, with huge bad debts and losses.

"[Hongkong Bank] is the biggest bank in Hong Kong, a major note-issuing bank, the clearing bank and the government's main banker.

"Its executives sit on many top advisory bodies. It is just natural *that every move of [the bank]* arouses concerns among local and overseas investors," the NCNA quoted the Bank of China official as saying.

Hongkong Bank is unlikely to back down from the takeover attempt, but it has always said it hoped the Chinese authorities would approve of the Midland deal.

Hongkong Bank's fortunes *in* the coming decade will depend to a great extent on Chinese attitudes, since Hong Kong will revert to Chinese control in 1997.

China has to date adopted a low profile on Hongkong Bank's bid for Midland. It has previously said the deal represented a sound commercial strategy for the bank's long-term development, although it was a means of switching assets out of Hong Kong.

Hongkong Bank has taken pains to keep China informed of its plans. Before its March 17 announcement of the bid for Midland, the bank told Beijing's Hong Kong and Macao Affairs Office of its intentions, a strategy it has adhered to since it acquired a 14.9 per cent interest in Midland in December 1987.

It was not immediately clear if the comments of the BOC spokesman represented a change in Bei*jing's policy* towards the bank's takeover of Midland.

But if it did it was unlikely to dissuade Hongkong Bank from the takeover.

Hongkong Bank declined to comment officially on yesterday's reports. However, one bank official noted that it was was well aware of its responsibilities to Hong Kong which it took seriously.

Mr Gordon Wu, managing director of Hopewell Holdings, the big Hong Kong construction company, said yesterday it was "stupid" to claim the bank was *deserting Hong Kong.* "They, more than any other bank, have been the biggest supporter of Hong Kong business in southern China," he said.

Lex, Page 18

Simon London on the US as a source of long-term funding

Cash from across the sea

Chiefs venture west to seek their fortunes: Sir Anthony Gill, chairman of Lucas; Sir Antony Pilkington, chairman of Pilkington; Neil Shaw, chairman of Tate and Lyle; and George Paul, chief executive of Harrisons & Crosfield

A casual observer of the corporate finance scene may think UK companies have gone into hibernation. The *spree of rights issues seen last* year has dried up, public bond issues are increasingly rare and the syndicated loans market is moribund.

But a stream of UK companies are crossing the Atlantic to find the type of long-term funding not available at home. This week Pilkington, Tate & Lyle and Senior Engineering are in the market. *Last week, deals closed* for Lucas Industries and Harrisons & Crosfield.

Over the last two years the list of UK companies which have tapped the US private placement market included big names: Trafalgar House, Allied Lyons, Rank Organisation, NFC, Cookson and Bowater. The reason is simple: the US private placement market is one of the few remaining sources of long-term committed debt finance.

Banks are increasingly unwilling to make unsecured loans of more than five years, and will only do so at a punitive cost.

The public Eurobond market remains open to large companies but investors are also wary of buying bonds of more than 10-years maturity. US institutional investors are still prepared to buy corporate bonds of up 20-years maturity.

It is also doubtful whether a company the size of Dawson Group, the commercial vehicles company, or Ransomes, the engineering and property development group, could launch a public Eurobond issue. Yet both have raised debt finance from private placements in the US.

Private placements can often be structured to match the borrowers' requirements: for example, a $260m placement for Trafalgar House in 1990 comprised securities of between seven years and 17 years maturities. The pat*tern of maturities was designed* to match depreciation charges on Trafalgar's fleet of ships.

Many UK companies are using the proceeds of US debt placements to repay less reliable sources of funding. Lucas Industries used the proceeds of its $100m 12-year placement to repay most of its US commercial paper borrowings. The company's *short-term credit rating is under* review for possible downgrade by Moody's and Standard & Poor's, the big US credit rating agencies. Normally Lucas would see its cost of funds increase, but all but $30m of the commercial paper has been repaid.

Similarly, Rank Organisation used the proceeds of a $200m debt placement last year to repay auction-market preferred shares (AMPS) when a downgrading threatened to increase its cost of funds.

Buyers of private placements are also concerned with credit quality. In fact, US institutions buying long-term, largely illiquid, debt securities are highly sensitive to credit risk.

Some UK companies have found that funding was simply not available on acceptable terms. For example, Dixons, the electrical retailer, withdrew plans for a US debt placement last year because investors were demanding a higher return than it was prepared to offer.

According to Mr Stephen Schechter, managing director responsible for private placements with Wertheim Schroder in New York, the quality of debt analysis by US institutions is generally higher than in the more equity-oriented UK market. Investment regulations which have forced US institutions to *buy bonds rather than equities* have bred an investment culture receptive to long-term debt securities.

UK accounting standards are at least adjacent to the US but for UK companies, the accounting and disclosure requirements of US securities regulators can be a headache. For this reason most placements by UK companies *have not been made under the* Securities and Exchange Commission's rule 144a, which gives overseas companies greater access to the US capital markets. Bonds placed under rule 144a can be traded, but only between qualified investment institutions. In return, borrowers are exempt from many of reporting requirements applied to issuers of public *securities.*

The small number of US institutions willing to buy private placements means that liquidity is very limited even under rule 144a. Any slight saving for the borrower in cost of funds is outweighed by additional financial disclosure requirements.

One drawback is that covenants demanded by US institutions can be restrictive. As with most bank lending agreements, interest cover and core borrowing limits are normal. But US institutions also demand "event risk" put options, which give them the right to retrieve their cash in case of a takeover bid.

The biggest limitation to the *future growth of the market* could be the small number of US institutions willing to buy cross-border placements. Around 3,000 US institutions are qualified to buy private placements under SEC regulations, but only 300 have done so. Just 50 of these will buy bonds placed by overseas corporations.

However, last year the US pri*vate placement market amounted* to $160bn with overseas companies accounting for around 10 per cent of the total raised, compared with 2 per cent in the late 1980s.

Largest US debt placements by UK companies

Year	Company	Amount ($m)	Maturity (years)
1988	Rank Organisation	150	10
1989	Cookson Group	200	15-20
1990	Trafalgar House	260	7-17
1990	Rank Organisation	300	5-16
1991	Allied Lyons	425	10-15

Source: Wertheim Schroder

German exchanges in central deal

By Andrew Fisher in Frankfurt

GERMANY'S regional stock exchanges yesterday agreed to join the Frankfurt bourse to cre*ate a central stock exchange* holding company.

The seven exchanges, led by Düsseldorf, will set up their own company to take the 10 per cent stake offered to them by the Frankfurt exchange in Deutsche Börse AG, which will be set up to run Germany's stock markets on a centralised basis.

Mr Rüdiger von Rosen, managing director of the Frankfurt Stock Exchange, welcomed the move saying it would strengthen the will to unite the resources of the eight bourses as part of the *drive to become more competi*tive in Europe.

The regional exchanges – the others are Munich, Hamburg, Stuttgart, Berlin, Bremen and Hanover – said they intended to share with Frankfurt, the country's dominant bourse, the responsibility for creating a mod*ern German stock exchange sys*tem which met international demands.

They have set up a company called Deutsche Börsenbeteiligungs to acquire the stake in the new stock exchange holding. Düsseldorf will own 44 per cent of this company, Munich 18 per cent, Hamburg 13 per cent, Stuttgart 13 per cent, Berlin 6 per cent, and Bremen and *Hanover* 3 per cent each. Banks and brokers in Frankfurt and other German trading centres will also participate in Deutsche Börse.

The Bonn government has already said it favours setting up of Deutsche Börse, calling it a "decisive breakthrough" which combines the advantages of increased centralisation of stock exchange services with the opportunities provided by regional trading. This was one of *the measures included in the* finance ministry's paper produced in January aimed at helping increase Frankfurt's strength as a world financial centre to rival London, New York and Tokyo.

The other measures were the outlawing of insider trading and fairer treatment for investors, in line with international rules of conduct.

Mr Theo Waigel, finance minister, and his officials are keen that Germany should develop as a streamlined and powerful financial centre *to meet* the capital needs arising from unification and the opening up of eastern Europe.

Industry recovery helps boost Total net by 42%

By William Dawkins in Paris

TOTAL, the world's eighth largest oil group, yesterday attributed a 42 per cent rise in group annual profits to a sharp recovery in refining and chemicals.

Net profits at the French state-controlled group rose from FFr4.1bn ($730m) in 1990 to FFr5.8bn last year, confirming the group's January estimate. Turnover was up by 11.4 per cent, from FFr128.4bn to FFr143bn, over the same period, due to a rise in volumes, said Mr Serge Tchuruk, chairman.

This contrasts with the 7.5 per cent net profits decline at *Elf Aquitaine*, *Total*'s larger state-controlled rival, over the same period. The difference reflected Total's larger exposure to refining and distribution, which accounted for nearly half of its operating profits last year, against a quarter of Elf's operating earnings.

Total's operating profits rose 30 per cent to FFr10.3bn last year.

With European demand for refined products strong, the refining and distribution division's operating profits rose 63 per cent to FFr4.9bn. Total makes two thirds of its refining sales in Europe, where capacity was practically saturated, said Mr Tchuruk. He expected little fresh European capacity to open in the near future because of concerns about environmental impact. At the same time, demand for refined products from southern and eastern Europe was likely to grow.

Total's operating profits in exploration and production fell slightly, from FFr3bn to FFr2.9bn, as margins were squeezed by the fall in oil prices. Profits in the trading division stagnated at FFr1bn, while chemicals' operating earnings rose from FFr900m to FFr1.5bn.

Proven reserves rose by 3.8 per cent last year, to 513m tonnes of oil equivalent. This was led by a 16 per cent expansion outside the Middle East, where it is the largest western oil producer. Currently, just short of 60 per cent of Total's reserves are in the region.

Although it plans to continue expansion beyond the Middle East, Total would also increase reserves in the region, said Mr Tchuruk. He forecast that non-Middle East reserves should equal those in the Middle East in two to three years, with the help of promising *fields – not yet included in* proven reserves – in Colombia and Indonesia.

Total's net debts fell over the past year, from FFr13bn to FFr11bn, bringing gearing down from 36 to 25 per cent over the same period.

Skandia acquires Hafnia with share swap

By Hilary Barnes in Copenhagen

SKANDIA, Sweden's leading insurance group, strengthened its position in the Nordic area yesterday when it agreed to take over Hafnia, Denmark's second largest insurer.

The deal will create a group with premium income of SKr22bn ($3.7bn) and assets of SKr176bn.

Mr Bjorn Wolrath, Skandia's chief executive, said it represented "a significant step in Skandia's strategy of establishing a *strong* position in the Nordic market and in Skandia's international operations, where the focus will shift to direct insurance".

A "*critical mass*" *would be* achieved in the UK where Prolific, Hafnia's life business, and Economic, the general insurance company, would be merged with Skandia's NIG Skandia, said Mr Wolrath.

The acquisition will take place through a share exchange in the ratio of nine Skandia shares for four Hafnia Holding A shares and five B shares.

The agreement was a humiliation for Hafnia. Last December, Hafnia and Norway's Uni Storebrand bought heavily into *Skandia with the intention of* establishing a Nordic alliance.

Hafnia's position was weakened by a DKr1.22bn ($194m) loss in 1991, announced yester*day.* Mr Per Villum Hansen, Hafnia's chief executive and Henrik Klaebel, director, have stood down.

Uni Storebrand will take over. Skandia International, Skandia's reassurance business (with the exception of its North American reassurance operations) to become one of the 15 largest reassurance writers in the world with premium income of about $1bn. The new reassurance group will take the name Christiania International Insurance.

The Norwegian company's *deal with* Skandia was on the basis of a share swap although the terms were not announced. Uni Storebrand holds 28 per cent of the stock in Skandia, which will be reduced to 4 per cent when the agreements are completed.

Mr Jan-Erik Langangen, chief executive of Uni Storebrand, admitted that the company had failed in its intention of establishing a stronger Nordic base, but he was satisfied that it had achieved the secondary objective of strengthening the group's international business.

The Skandia/Hafnia group will have about 20 per cent of the non-life insurance business in Denmark, where Skandia owns *general* insurance company Kgl Brand. It will have 15 per cent in Norway, where Skandia owns Vesta, and 28 per cent in Sweden. It will have 10 per cent of the life business in Denmark and 32 per cent in Sweden.

Hafnia's 1991 loss included an unrealised loss of DKr876m on shareholdings in Skandia and Baltica, Hafnia's domestic rival. Losses of DKr1.09bn arose from Danish credit guar*antee business, mortgage* indemnity losses in the UK, and the financial costs of the investments in Skandia and Baltica.

Group equity capital was reduced from DKr5.34bn to DKr3.88bn over the year. Hafnia holds 33.5 per cent of the shares in Baltica. Mr Wolrath said yesterday that it was Skandia's intention to sell these.

Time to get on with the pan-Nordic strategy

Yesterday's deal frees Skandia to concentrate on consumer insurance, writes Sara Webb

Mr Björn Wolrath, chief executive of Skandia, has long held an ambition to turn the Swedish insurance group into a pan-Nordic giant by forging close links with insurers in the region.

Under his leadership, Skandia has built up its position in the Nordic markets through a series of strategic acquisitions in Denmark and Norway and *share exchanges with Pohjola*, Finland's leading insurer.

However, much to Mr Wolrath's chagrin, over the last 18 months his well-laid plans have met obstacles in the shape of various unwanted Nordic suitors – in particular Hafnia, the Danish insurer, and Uni Storebrand, the Norwegian insurance group, who snapped up shares in Skandia last autumn.

The conclusion yesterday of an agreement in principle with Hafnia and Uni Storebrand after months of negotiations means that Skandia can get on with pursuing its pan-Nordic strategy. In future, Mr Wolrath said, the group would concen*trate on consumer* life *and* non-life business.

Skandia said that following the Hafnia acquisition it would have 20 per cent of the direct non-life insurance business in Denmark, 15 per cent in Norway, and 23 per cent in Sweden. It would also have 11 per cent of the life business in Denmark and 32 per cent of the life in Sweden.

The deal also helps Skandia build up its position in the important UK market: Hafnia owns Prolific, a life company, and Economic, a general insurance company. Skandia plans to merge Economic with its own UK motor insurance operations – known as NIG *Skandia – but said* that Prolific would operate in parallel with Skandia Life, its own UK life business.

Although Skandia was eager to highlight the advantages of acquiring Hafnia, privately, executives admit Hafnia was really Skandia's second choice of partner. Originally, it was intent on forging close links with another Danish insurer – Baltica – which it felt was better managed and more similar to Skandia.

However, Skandia was forced to consider a tie-up with Hafnia after attempts by Sweden's leading commercial bank, Skandinaviska Enskilda Banken, to establish a closer relationship with Skandia fell through.

SE-Banken bought an option on 28.2 per cent of the shares in Skandia in October 1990, hoping to persuade the insurance group to help create a large financial services concern.

Skandia rejected SEB's overtures and the bank then sold its shareholding to Hafnia and Uni Storebrand last autumn, to the annoyance *of Mr Wolrath*.

Under the terms of yesterday's deal, however, Skandia hopes Uni Storebrand will agree to reduce its shareholding in Skandia from 28 per cent to 4 per cent.

According to the agreement in principle, Uni Storebrand's shares in Skandia will be offered to shareholders in Hafnia and, in exchange, Uni Storebrand will acquire Skandia's troubled reinsurance operations outside North America.

Johnson gives up active role at O&Y

MR Thomas Johnson, the *former banker brought in three* weeks ago as president of Toronto-based Olympia & York, has returned to his home in New York and is playing no active part in the affairs of the debt-burdened property developer, writes Bernard Simon in Toronto.

Discussions were continuing yesterday on Mr Johnson's role in the company. He is expected, at the least, to relinquish chairmanship of the committee negotiating with banks on the restructuring of O&Y's C$20bn (US$16.8bn) debt.

Mr Steve Miller, a partner in James D. Wolfensohn, the US investment bank, has emerged as O&Y's chief negotiator with its lenders.

In a separate development, it was reported that Mr Li Kashing, the Hong Kong magnate, would be in *Toronto on* Tuesday for talks with O&Y and its bankers.

Amec in red as building downturn takes its toll

By Jane Fuller in London

AMEC yesterday became the second UK construction and engineering group in two days to announce pre-tax losses caused by the slump in housing land and property values.

Its £9.9m ($17.02m) pre-tax loss, after £60m of write-downs, followed Costain Group's £69.2m loss. Last year's deficit compared with a pre-tax profit of £63.4m.

Two thirds of Amec's £60m exceptional costs came as a response to falling house prices. Last year, the Fairclough *Homes subsidiary* sold 1,300 houses at an average price of £90,000, down from more than £100,000.

Mr John Early, finance director, said the new land value calculation started from a selling price of £85,000 per house, of which just over 20 per cent was allowed for the land. This had led to the "swingeing" write-down, compared with *about £20m* over the previous two years.

The £20m exceptional charge for commercial property had been done on a site-by-site basis. Mr Alan Cockshaw, chairman, said the aim was to reduce the capital in housing and property.

Some money would be diverted into the building and civil engineering and the mechanical and electrical divisions, which made profits of £57.8m, down from £68.9m.

AMEC maintained its final dividend at 6.25p to give a total *of 10.25p, up from 10.125p. The* diluted loss per share was 3.2p against 1990 earnings of 17.5p.

After a £110.6m rights issue last March, at 200p a share, £76.7m net cash remained at the end of the year. Mr Early said about £30m had been spent on acquisitions.

Details Page 28

BFCE revamp pays off

BANQUE Française du Commerce Extérieur (BFCE), the commercial banking group owned by some of France's biggest banks, recovered *last* year by boosting net profits from FFr8m ($1.42m) in 1990 to FFr115m in 1991, writes Alice Rawsthorn.

The bank said it had benefited from a radical restructuring which included heavy investment in technology.

BFCE's net banking income rose from FFr1.84bn in 1990 to FFr2.04bn in 1991, while gross operating profits were up from FFr401m to FFr671m. The group's total balance sheet was reduced from FFr239.4bn to FFr218.2bn.

The cover rate on its sovereign risks was raised from 51 per cent to 60 per cent. Broken down, it was 60 per cent for most debtor countries and 35 per cent for the states within the former Soviet Union. BFCE's Cooke ratio increased from 7.3 to 8.1 per cent.

YSL recovers from first-half fall

By Alice Rawsthorn

YVES Saint Laurent, one of the most famous French fashion houses, recovered from its first-half profits fall to produce virtually static 1991 full-year net profits of FFr233m ($41.60m).

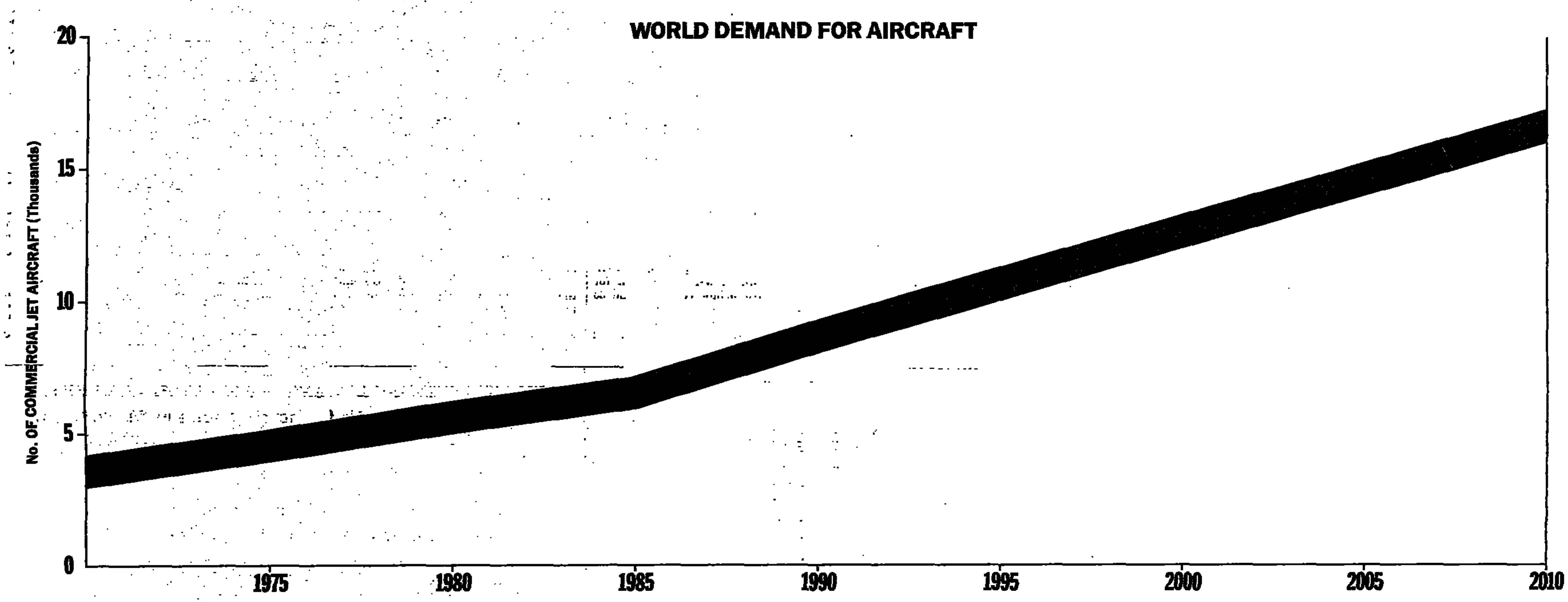
YSL suffered with the rest of the global luxury goods industry during the Gulf war, in early 1991, because of its affect on the important duty free market. It subsequently sustained a sharp fall, of 42 per cent, in profits during the first half of the year.

However, the group, which recently celebrated the 30th anniversary of its *haute couture* house, recovered in the second half, despite the impact of economic slowdown in the US and Japan on consumer demand for luxury goods. It reported a marginal increase in sales, from FFr3bn in 1990 to FFr3.06bn in 1991; net profits were down from FFr252m to FFr233m.

The couture division, which includes *prêt à porter*, as well as the exclusive *haute couture* collection, increased operating profits, from FFr123m to FFr132m, on sales down from FFr521m to FFr512m.

Perfumes and cosmetics, the biggest part of the business, saw profits fall from FFr392m to FFr377m, on sales which rose from FFr2.43bn to FFr2.5bn.

$850 BILLION OPPORTUNITY



In 1970 there were approximately 3,600 commercial jet aircraft. By 1990 the total had increased to around 8,900.

Because air travel is forecast to grow at an average of 5% to 6% a year, industry analysts estimate that by the year 2010 there will be around 16,500 commercial jet aircraft.

To meet this growth and to replace ageing aircraft, about 11,500 aircraft are expected to be required by 2010.

It is estimated that these aircraft will cost over $850 billion. Where is all this money going to come from?

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Frontier spirit rebuilds a crippled economy

David Waller looks at how German banks have found a world of opportunity in their own back yard

The days when would-be high-fliers in Germany's big banks felt obliged to spend a year or two in Tokyo, London or New York are over.

The opportunities are now in the banks' back yard, in the eastern part of Germany.

There, in the five new Bundesländer, a frontier spirit prevails as German executives try to build a modern market system on the ruins of a centrally planned economy. From the start the banks have been in the vanguard.

They began setting up branches in the new territories in the weeks before monetary union on July 1 1990 and have built a modern banking system virtually from scratch.

So far, and rather surprisingly, given the level of investment, many of the banks have made a profit in the east. Business there – though no more than about one-tenth of the the banks' total domestic lending – helped fuel the spectacular increases in 1991 profits announced in the past few days.

However, the attractions of doing business there may wither away, as the government in Bonn reduces the financial favours it grants to eastern Germany.

Before reunification, east Germany's banking system was under-developed and inefficient. The old Staatsbank, the former state sector bank, was responsible for printing money and was a tool for central planning. It distributed state handouts and facilitated payments from one Kombinat (state sector business) to another.

The vast majority of private individuals were obliged to bank with a network of Sparkassen, savings and loans organisations which all paid interest of 3.5 per cent.

Deutsche Bank and Dresdner Bank, Germany's two biggest banks, bought the Staatsbank from the Treuhand privatisation agency and parcelled out its branch network and staff between them.

Other west German banks have had to build up their eastern operations from scratch and an estimated 2,500 west German bankers have moved to eastern Germany.

The eastward march of German banks has required large logistical efforts and substantial investment. Billions of D-Marks have been spent on buying and refurbishing property, establishing computer links with the west, installing cash dispensers and other computer hardware.

There have been substantial costs, above all in training the 12,500 east Germans who work in banking in the new Bundesländer.

The banks are coy about the precise sums being poured into the east. But in the case of Deutsche Bank, the costs of its expansion were a significant factor in raising its staff and operating costs last year by DM1.5bn ($900m) to DM10bn, disappointing analysts when the figures were released last Thursday.

The presence of the banks has enabled east Germans to borrow money or to finance a small business. For the first time, they have access to a plethora of savings products such as interest-bearing cheque accounts, unit trusts and share trading accounts.

The banks have acted as a catalyst for the first stirrings of an economic upswing in the east, lending to start-up ventures, to the subsidiaries of west German companies, and to the thousands of companies owned by the Treuhand privatisation agency.

Bankers see themselves less as businessmen than agents of reform, missionaries of capitalism.

"Our task is to optimise our corporate clients' understanding," said Mr Rüdiger Wrede of the Deutsche Bank in Leipzig.

According to the Association of German Banks, private sector banks have advanced credits of some DM45bn in the east, of which the lion's share has gone to east Germany's fledgling corporate sector.

In spite of the scale of investment, the eastwards expansion has so far been profitable for the banks. "The only obstacle to growth is a lack of skilled personnel," said Mr Klaus-Peter Müller, main board director at Commerzbank with responsibilities for the bank's activities in the east.

This is partly because staff costs are still lower there than in the west. But there are two other important reasons. Although some east Germans have opened share accounts and experimented with more exotic forms of investment, such as options and warrants, the majority of private customers in the east have proved to be very conservative, preferring to leave their savings in accounts paying minimal rates of interest.

Industry observers say this reflects east Germans' lack of financial sophistication. Ossies – east Germans – want their money to be safe and easily accessible, providing a cheap source of finance for the banks.

The second reason is that bank lending has been insulated from the full problems of the east German economy. In June 1990, the Treuhand agency extended a so-called credit umbrella to the former state sector companies under its charge, guaranteeing loans taken out by German enterprises.

Loans made under the terms of this guarantee are totally free from risk.

The Association of German Banks estimates that DM15bn of credit is covered by the guarantees, a third of the total advanced by west German banks in the east. For some of the big banks, up to half the loan portfolio is protected in this way.

The interest rate the banks received for these loans is lower than that charged to normal commercial clients, reflecting the lack of risks, but it is still a tidy two or three percentage points above the banks' cost of funds in the money markets – and as much as two or three times the interest rate paid out to retail depositors.

Bankers maintain they deserve the margin paid by the Treuhand because of the amount of consultancy and administrative work associated with the loans.

"We have to deal with a fantastic amount of paperwork," said Mr Kurt Kasch, head of corporate lending at Deutsche Bank in Berlin and Brandenburg in north-east Germany. "The Treuhand expects us to give advice on all aspects of business."

The advantageous terms extracted from the Treuhand and hence the salad days for the banks in eastern Germany may be drawing to an end.

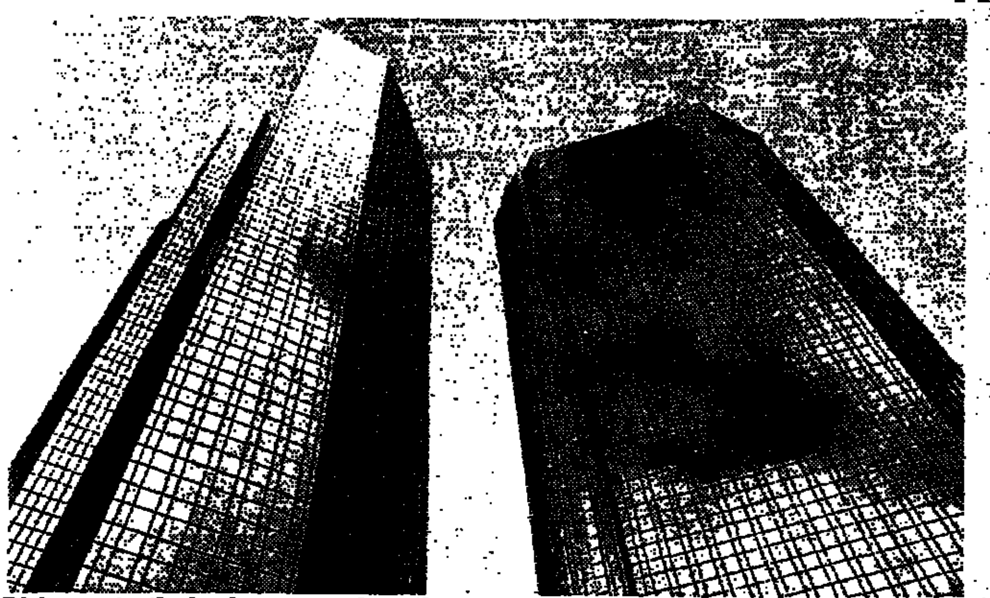
The privatisation agency – under pressure from the government to cut its costs – has decided it is not going to continue subsidising the banks in this way. In December it announced that banks would have to take more of the lending risks on to their own books.

The gradual elimination of guarantees will make it much more difficult for banks to lend money profitably in the east. As the Treuhand's credit umbrella is gradually removed in the coming months, the banks will have to start using normal commercial criteria when lending to businesses in the east.

It is likely that the banks will continue to lend to the eastern subsidiaries of west German companies, and to dentists, plumbers and other small-scale entrepreneurs where the risks are limited.

Otherwise they may be reluctant to lend at all – given the lack of credit history and management experience in the east.

When they do lend, the prospects of bad debts and provisions against these debts will make business in the east far less profitable than it is now.



Rising costs: the banks are coy about the sums poured into the east. But for Deutsche Bank (above), expansion was a significant factor behind the rise in operating costs

Televisa joins bid for US TV network

By Jeanne Grant in Mexico City

TELEVISA, Mexico's privately-owned television company, has joined up with a group of investors in a bid to buy Univision, the main Spanish-language television network in the US.

The group, headed by California businessman Mr Jerrold Perenchio, hopes to acquire Univision Holdings for $550m from Hallmark Cards.

Univision reported earnings of more than $200m last year.

Miami-based Univision reaches almost 90 per cent of US Hispanic television households via cable and satellite broadcasts. The transaction includes nine full-power Spanish-language television stations.

Televisa is expected to put up $50m to acquire a 12 per cent stake in Univision's television stations and 25 per cent of the network.

This move is seen as an attempt to strengthen its presence in broadcasting north of the border.

In 1986, the company was forced to sell its profitable Spanish language network of 12 television stations after the US Federal Communications Commission accused it of controlling the stations in violation of foreign ownership laws, which allow only a 20 per cent foreign interest in US stations.

Televisa's television stations formed the basis of the Univision system, so if this new deal goes through, the company will recover ground lost after the 1986 sale.

Venevision, a Venezuelan broadcasting company, is also part of the investment group bidding for Univision.

Profits setback at Power Corp

By Robert Gibbens in Montreal

POWER CORP of Canada, the holding company of financier Mr Paul Desmarais, reported net profit of C$136.3m (US$114.5m) or C$1.02 a share for 1991, against 1990's C$186.3m or C$1.40 a share. Power Corp attributed the drop to lower income from short-term investments and a decrease in earnings of subsidiaries and affiliates. Fourth-quarter profit equalled 25 cents a share, against 26 cents.

Warning at Quaker Oats

By Nikki Tait in New York

QUAKER Oats, the Chicago-based food, beverage and pet foods company, warned yesterday that its third-quarter earnings per share, for the three months to end-March, could fall by 10-15 per cent from the previous year's figure.

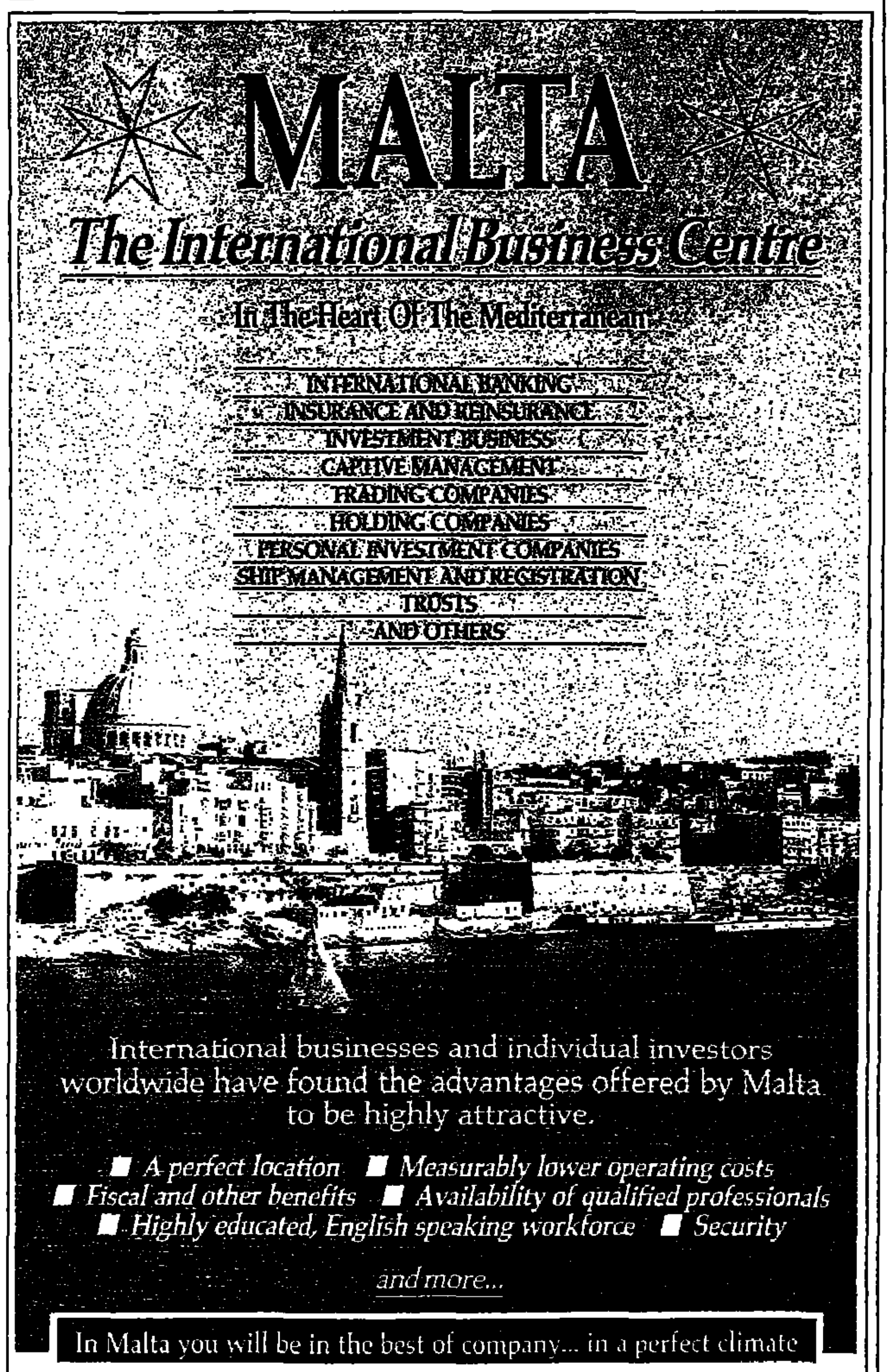
The company, which saw earnings per share of 82 cents in the third quarter of 1990-91 and net profits from continuing operations of $63.1m, blamed the downturn on lower sales volumes for its ready-to-eat cereals and its Gatorade sports beverage.

Higher marketing expenditures in the US and Europe compounded the problems.

Quaker stressed that it expected results for the first nine months of the year to be up on the previous year.

In the first six months, the company reported earnings from continuing operations of $1.12 a share, compared with 85 cents in 1990-91.

On Wall street, its shares took the news fairly calmly, easing $¼ to $52¼, in early trading.



BBV to buy Royal Bank of Puerto Rico

By Peter Bruce in Madrid

BANCO Bilbao Vizcaya (BBV), the large Spanish commercial bank, has agreed to buy the Royal Bank of Puerto Rico, the Royal Bank of Canada's Puerto Rico affiliate, in yet another strong Spanish move into the US dependency's financial sector.

BBV officials yesterday said that a price for Royal Bank of Canada's network of 17 branches on the island was still being negotiated. It is likely to be merged with BBV Puerto Rico's 10-branch commercial banking network.

BBV said it wanted to increase its presence in Puerto Rico in order to make it a regional centre for banking business in the Caribbean, Miami, Mexico and Panama.

Spanish institutions have begun to take a great interest in Puerto Rico in the past few years. Banco Santander now owns three banks on the island, with about 80 branches in all, and is the second largest banking presence in the dependency.

In 1990, Mapfre, Spain's biggest insurance group, paid $100m for Praico, the island's biggest insurer.

Dr Pepper/ Seven-Up plans share flotation

By Nikki Tait

DR Pepper/Seven-Up Companies, the third largest producer of soft drinks in the US, is planning to float its shares on the stock market.

The Dallas-based company said yesterday that in two weeks it intended to file the necessary registration statement for an "initial public offering" (IPO) with the Securities and Exchange Commission, the US securities industry watchdog.

The proceeds of the offer, which is expected to involve the issue of new shares in the company, would be used to reduce debt and retire preferred stock.

The company was formed through the merger of the Dr Pepper holding company and Seven-Up in 1988. The combination created a third force to compete with the two giants of the soft drinks industry, PepsiCo and Coca-Cola.

Dr Pepper and Seven-Up were both purchased in 1986 by separate investment groups, led by the same Dallas-based investment firm. Even prior to the merger, management of the businesses was integrated to some extent, and production was centralised.

Dr Pepper/Seven-Up currently employs around 905 people and has its production operations in St Louis. Its corporate headquarters is in Dallas.

The company's turnover last year increased by 11 per cent to $600.9m, while operating profits advanced to $138.2m, up 12 per cent on 1990.

US retailers see slowdown in growth

By Nikki Tait in New York

MANY of the largest US retail chains yesterday reported same-store sales increases in the low single digits for the month of March – a slowdown from the rates of improvement seen in January and February.

However, the comparisons are influenced by the timing of Easter, which fell on March 31 in 1991, causing the pre-Easter spending period to fall in March. In the current year, Easter is on April 19.

Sales gains in the first two months also reflect the very slow period in early 1991, when the Gulf war commanded consumers' attention. In some cases, February 1992 comparisons were also distorted by the extra leap year day.

Shares of many leading retail groups moved higher on the figures, although the stock market overall also enjoyed a sharp rally early yesterday.

Sears, Roebuck, for example, gained $¾ at $45¾; Woolworth was up $⅛ at $29⅛; Wal-Mart advanced $⅝ to $52; JC Penney gained $1⅞ at $64¼; Dayton Hudson was up $2¼ at $62¾.

Close inspection: sales comparisons may be misleading

The two notable exceptions were The Gap and The Limited, both specialty fashion retailers which have been much admired for their resilience to recession and for their retailing techniques.

The Gap saw a 3 per cent decrease in same-store sales in March, compared with a 15 per cent increase a year ago, although total sales were up by 12 per cent. The Limited reported an 8 per cent fall in same-store sales.

Shares in these two companies fell by $⅜ to $40¼, and $1⅞ to $24¼, respectively.

Among the discount chains, Wal-Mart Stores saw a 6 per cent increase for March on a same-store basis, with the overall sales figure rising by 18 per cent to $3.93bn. K mart, on the other hand, saw a 0.7 per cent fall on a same-store basis, with gains from its specialty chains offset by declines on the general merchandise side.

Mr Joseph Antonini, K mart's chairman, said big ticket items continued to improve, but clothing sales had been depressed.

In the department store sector, Sears, Roebuck showed a 3.6 per cent increase in domestic same-store sales, while Dallas-based J.C. Penney managed 9.5 per cent. Dayton Hudson reported a 1.9 per cent improvement, but Woolworth registered a 9.9 per cent decline for comparable stores.

At May Department Stores, there was a 4.7 per cent decline overall, but this masked a 2.3 per cent decline in the department stores themselves and a 15.2 per cent fall in the Payless shoe stores.

Fannie Mae sets record again

By Patrick Harverson in New York

THE Federal National Mortgage Association (Fannie Mae) reported its fifth consecutive quarter of record earnings yesterday.

The largest residential mortgage provider in the US made a profit of $381.6m in the first three months of the year, compared with the $320m it earned at the same stage a year ago.

The first quarter was the busiest in the association's history in terms of the number of loans Fannie Mae bought from mortgage originators and the amount of mortgage-backed securities it subsequently sold to investors, the combined volume of which totalled $55.6bn.

Previous record business volume was $41.7bn, recorded in the fourth quarter of last year.

Three factors in particular had contributed to the increase in earnings during the opening quarter, said Fannie Mae. The average net mortgage balance rose $5.8bn, in spite of a near-record level of mortgage portfolio liquidations, as homeowners took advantage of low interest rates to refinance their mortgages.

A rise of 3 basis points in Fannie Mae's net interest margin to 145 basis points also boosted earnings.

Thirdly, guaranty fee income from mortgage-backed securities (MBS) rose $10.9m to $193.6m. The increase reflected a record amount of total MBS issues ($41.2bn) and a jump in total MBS outstandings to $389.9bn.

Fannie Mae did not completely escape the affects of the recent recession during the first quarter, however. The company's acquisition of foreclosed properties rose 17 per cent to 2,238, primarily because of difficulties in the north-eastern states, where the economic slump has hit hardest.

Consequently, charge-offs to Fannie Mae's allowance for loan losses rose slightly in the quarter to $56.7m, taking the total allowance for loan losses to $727.3m.

Profits were boosted by a modest decline in administrative expenses, which fell to $86.1m.

Laidlaw surges 58% to $28.2m

By Bernard Simon in Toronto

LAIDLAW, the Ontario waste services and school bus operator, boosted quarterly earnings by 58 per cent, thanks to an improved contribution from its interests in ADT, the Bermuda-based security and vehicle auction group, and Attwoods, the waste management company.

Earnings from continuing operations rose to US$28.2m, or 11 cents a share, in the three months to February 29, the second quarter of Laidlaw's fiscal year, from $17.8m, or 6 cents, a year earlier. Last year's figure excludes a $15.1m charge, reflecting Laidlaw's share of losses suffered by ADT.

Revenues edged up to $462.5m from $454.9m.

Equity earnings from ADT and Attwoods totalled $8.9m, compared with a $3.3m loss a year earlier.

However, income from Laidlaw's own operations slipped to $53.4m, from $54.2m, reflecting mainly the impact of the recession in the waste-management business.

Hazardous waste margins fell to 11.8 per cent from 13.6 per cent, and solid waste margins to 9.5 per cent from 10.5 per cent.

The company said that lower fuel prices had contributed to an improvement in school bus operations.

PWA seeks C$200m in airline deal

By Robert Gibbens in Montreal

PWA, the parent of Canadian Airlines International, is seeking C$200m (US$169.5m) cash in return for selling 25 per cent of the airline to American Airlines.

Mr Rhys Eyton, chairman of PWA and the airline, said in Toronto that effective control of Canadian Airlines would remain in Canada, in spite of pooling of computer resources and ground personnel.

He was confident AMR, parent of American, was ready "to consider an equity infusion of more than C$200m to Canadian Airlines in exchange for the 25 per cent interest and the right to provide management services".

Analysts had estimated Mr Eyton would seek about C$100m in new equity for Canadian. Both companies are now in negotiations.

Mr Eyton said PWA's common shareholders would be favourably affected because it would be Canadian Airlines issuing new Treasury shares to American in return for the cash infusion and "a comprehensive strategic alliance".

"We cannot be absolutely sure the deal with American will be finalised, and that is why we're negotiating with our lenders to double our operating credit lines to C$400m," said Mr Eyton.

He estimated that between 1,500 and 2,000 ground workers would lose their jobs, but there would be no impact on pilots, flight attendants, counter staff, and the maintenance base in Vancouver.

American Air overhauls US fare policy

AMERICAN Airlines, one of the three largest US airlines, yesterday unveiled details of a radical and much-rumoured overhaul in its domestic fare structure, writes Nikki Tait.

American said that, for domestic travel starting on April 13, it planned to operate four principal fare classes. In addition, the company will discontinue corporate discounts, and charge a $25 fee for rescheduling or refunding tickets. It calculates that the overhaul will reduce the number of different fares it offers from 500,000 to around 70,000.

Mr Bob Crandall, American's chairman, stressed that this was not a "one-off" promotional scheme, but a fundamental overhaul of pricing policy.

He denied that American was responding to aggressive pricing tactics by either Southwest Airlines, the smaller carrier also based in Dallas, or Trans World Airlines, which is in bankruptcy and has been slashing fares to attract business customers.

The only immediate reaction came from United Airlines, another of the three biggest carriers, which said simplified fares made "great sense", and pledged to remain competitive.

Mr Crandall admitted that American could lose some revenue in the short-term – he put the second-quarter figure at around $100m – but estimated the long-term annual benefit at $300m to $350m.

The simpler structure, he added, could lead to annual cost savings of around $25m.

He conceded that international fare pricing was equally baffling to the consumer, and the array of discounts too complex. However, while saying that American "hoped" for similar simplification at some stage, he admitted that the regulatory and competitive environments were very different to those of the domestic market.

Gold Fields holds earnings in spite of weaker prices

By Philip Gawith in Johannesburg

IMPROVED cost control at the large producers allowed the gold mines in the Gold Fields group to maintain earnings in the March quarter, despite a weaker gold price, but all the group's marginal producers made significant losses.

Gold production in the group rose marginally to 29,594kg, from 29,450kg the previous quarter, with a rise in the average grade, to 8.4 grams per tonne from 8.1, offsetting a lower milling rate. Likewise, a 1.5 per cent drop in the average price received, to R31,911 per kg, was offset by a decline in average working costs to R21,246 per kg from R21,432 per kg. After-tax profit slipped to R208m ($74.2m) from R212m.

The main influence on the results was the unchanged performance of Driefontein Consolidated, the group's largest mine, which made after-tax profits of R132m. Both East and West Driefontein lifted their grades and gold production, but costs rose in the West mine while declining in the East. The mine produced 14,614kg of gold.

Kloof, the other rich mine in the group had a good quarter, with gold production rising to 7,521kg from 7,193 on account of a significant rise in the grade to 14.2g/t from 13.3g/t. Unit costs declined and profits were 5 per cent higher at R111.5m. The Leeudoorn extension to Kloof produced 1,303kg of gold, but made a R9.3m loss.

Mr Alan Munro, executive director at Gold Fields, said improvement would come when the mine, which is still in the development stage, managed to achieve better grades and economies of scale.

The three marginal producers, Doornfontein, Libanon and Venterspost made after-tax losses of R7m, R3.2m and R3.3m respectively, with Libanon and Venterspost both performing worse than in the December quarter. Mr Munro said the position of these two mines gave "cause for concern".

Venterspost, he said, was "living from hand to mouth". Attempts to increase production from the old mine had not succeeded and difficulties had been encountered in bringing the new No 4 shaft into production.

Further efforts are being made to rationalise activities at Libanon. Mr Munro said the mine should break even in the coming quarter and made a similar prediction for Doornfontein. He said Doornfontein had made considerable progress in recovering from the dismissal of half the workforce in December. The aim is to try to keep the mine viable until new areas, in the south of the mine, can be opened up.

In terms of capital expenditure, Mr Munro said that on the profitable mines they were doing what was necessary to maintain their viability.

VME considers co-operation deals with equipment groups

By Andrew Baxter in Munich

VME GROUP, the world's third largest construction equipment producer, may enter a small number of specific "constructive co-operation agreements" with other manufacturers, said Mr Tuve Johannesson, president and chief executive.

VME, jointly owned by Volvo of Sweden and Clark Equipment of the US, has expanded its product range and geographical spread in the past three years through the acquisition of Zettelmeyer, a German producer of small earthmoving equipment, and Akerman, a Swedish hydraulic excavator company.

Mr Johannesson, interviewed at Bauma, the Munich construction equipment exhibition, stressed that any further acquisitions or co-operation with other manufacturers would be in specific geographic or product areas, or could involve components. Industry speculation, fuelled at Bauma by uncertainty over unresolved takeover and joint venture discussions, has linked VME with O&K, the German construction and mining equipment concern.

VME had no comment yesterday on the rumours. O&K is owned by Hoesch, the steel group being taken over by its German rival Krupp, which also has construction and mining equipment interests.

VME has recently focused on building a strong presence in the German market.

Mr Johannesson said the company's integrated German distribution network was fundamentally complete, although there were a couple of pieces still to fall in place. The Zettelmeyer acquisition gave VME an important foothold in a market where customers traditionally prefer domestically-produced equipment. But Mr Johannesson added that the German company was also benefiting from its access to Volvo BM technology.

VME is in the throes of reducing its fixed asset base by 10 per cent worldwide in response to recession in most world markets and the industry's chronic overcapacity. The programme will be completed by the end of this year. The Brussels-based group lost $44.7m last year, due to heavy restructuring at Akerman in Sweden and tough market conditions, especially in North America and Brazil.

Mr Johannesson said VME's resource allocation planning for this year assumes a slightly worse business environment than in 1991, but this did not imply that it foresees a deeper loss for 1992. VME is best known for its Volvo BM, Michigan and Euclid brands, which joined forces in one of the biggest international construction equipment mergers of the mid-1980s.

Net profits at Israel Chemicals slip 20%

By Hugh Carnegy in Jerusalem

ISRAEL Chemicals, the flagship of the government's slow privatisation programme, has reported a 20 per cent drop in net profits in 1991, down to Shk142m (US$62m) from Shk179m in 1990, the second year running profits have slipped.

The government announced last week it intends to float 31 per cent of Israel Chemicals on stock markets in the US and Europe at an unspecified time later this year.

The move would bring down the state's holding to 49 per cent of the company, which exploits Israel's only real natural resource by extracting chemicals from the Dead Sea and surrounding desert area.

In late February, some 20 per cent of Israel Chemicals was sold to the public, chiefly through a $225m flotation on the Tel Aviv Stock Exchange. Plans are to run down the state's share in the company to less than 30 per cent.

After running into political objections to its original plan to sell a controlling stake to foreign investors, the Treasury now intends placing privately only a 15 per cent block.

Despite the fall in profits, Israel Chemicals maintained its position as the most profitable of the state's 150-strong portfolio of companies, with return on capital of 10 per cent.

The decline in profits was blamed mainly on declining demand and prices for fertilisers in western Europe.

Sales, about half of which go for export, were down slightly at Shk2.78bn, compared with Shk2.82bn in 1990.

BTR Nylex bid

BTR Nylex, the Melbourne-based industrial conglomerate which is part of the UK industrial group BTR, has confirmed a bid worth almost A$80m for Westinghouse Brake and Signal Australia, writes Bruce Jacques.

Chief executive of ANZ to retire

By Bruce Jacques in Sydney

ONE of Australia's most senior bankers, Mr Will Bailey, is to retire as deputy chairman and group chief executive of the Melbourne-based ANZ Bank.

His retirement heads a "changing of the guard" at ANZ, also involving the retirement of the bank's chairman, Mr Milton Bridgland, who will leave the board in June on reaching retirement age.

The bank announced the changes yesterday, saying Mr Bailey would retire in the December quarter of this year and his successor would be announced in a few months.

But some clues on the succession were given with the appointment of two new executive directors, the bank's New Zealand chief executive, Mr Alister Maitland, and the chief general manager of Australian retailing operations, Mr Don Mercer.

Mr Bridgland will be replaced as chairman by ANZ director Mr John Gough, who is also chairman of Pacific Dunlop, the Melbourne industrial conglomerate.

The changes end an era of growth at ANZ since Mr Bailey became chief executive in 1984. This included integration of the UK-based Grindlays banking group and New Zealand's Postbank.

Mr Bailey also presided over the takeovers of the National Mutual Royal Bank and the Town and Country Bank. His tenure saw ANZ group assets jump to A$98bn (US$75bn) from A$35bn and gross income grow to A$7.6bn from A$3.3bn.

Mr Bailey was the main architect of an ambitious attempt by ANZ to take control of the country's second largest life insurance group, the National Mutual. The plan was blocked by the federal government, forcing the parties to fall back on increased commercial links. But earlier this year the two organisations announced they would develop their businesses independently.

Mr Bailey's era has also seen a large rise in ANZ's bad debts through exposure to a brigade of so-called Australian entrepreneurs. No leading Australian bank has been immune from these effects which have hit earnings.

Yesterday the bank also said it was restructuring and reducing non-core assets "to ensure that the bank makes a strong recovery from the adverse effects of the 1980's.

"This programme is progressing well, and Mr Bailey feels the time is opportune to retire," ANZ said.

Will Bailey: his tenure saw ANZ group assets rise

ERM PARITY GRID

Bilateral central rates and selling and buying rates from April 6, 1992

		B Fr/ L Fr 100=	D Kr 100=	FFr 100=	DM 100=	I£ 1=	L 1,000=	Fl 100=	PEsc 100=	Pta 100=
Belgium-Luxembourg	S	–	553.000	628.970	2109.50	56.5115	28.1930	1872.15	25.1900	33.6930
	C	–	540.723	614.977	2062.55	55.2545	27.5661	1830.54	23.7241	31.7316
B.Fr/Lux.Fr	B	–	528.700	601.295	2016.55	54.0250	26.9530	1789.85	22.3435	29.8850
Denmark	S	18.9143	–	116.320	390.160	10.4511	5.21400	346.240	4.65860	6.23100
	C	18.4938	–	113.732	381.443	10.2186	5.09803	338.537	4.38747	5.86837
D.Kr	B	18.0831	–	111.200	373.000	9.9913	4.98500	331.020	4.13210	5.52600
France	S	16.6310	89.9250	–	343.050	9.18900	4.58450	304.440	4.09610	5.47850
	C	16.2608	87.9257	–	335.386	8.98480	4.48247	297.661	3.85772	5.15981
FFr	B	15.8990	85.9700	–	327.920	8.78500	4.38300	291.040	3.63320	4.85950
Germany	S	4.95900	26.8100	30.4950	–	2.74000	1.3670	90.7700	1.22100	1.63300
	C	4.84837	26.2162	29.8164	–	2.67894	1.33651	88.7526	1.15023	1.53847
DM	B	4.74000	25.6300	29.1500	–	2.61900	1.30650	86.7800	1.08300	1.44900
Ireland	S	1.85100	10.00870	11.3830	38.1825	–	0.510246	33.8868	0.455895	0.609772
	C	1.80981	9.78604	11.1299	37.3281	–	0.498895	33.1293	0.429360	0.574281
I£	B	1.76950	9.56830	10.8825	36.4964	–	0.487799	32.3939	0.404371	0.540858
Italy	S	3710.20	20062.0	22817.0	76540.0	2050.03	–	67912.0	913.800	1222.30
	C	3627.64	19615.4	22309.1	74821.7	2004.43	–	66405.3	860.626	1151.11
L	B	3546.90	19179.0	21813.0	73157.0	1959.84	–	64928.0	810.500	1084.10
Netherlands	S	5.58700	30.2100	34.3600	115.2350	3.08700	1.54000	–	1.37600	1.84050
	C	5.46286	29.5389	33.5953	112.6730	3.01848	1.50590	–	1.29601	1.73345
Fl	B	5.34150	28.8825	32.8475	110.1675	2.95100	1.47250	–	1.22100	1.63250
Portugal	S	447.560	2420.10	2752.40	9233.60	247.299	123.380	8190.00	–	142.020
	C	421.513	2279.22	2592.21	8693.93	232.905	116.194	7715.97	–	133.753
Esc	B	396.980	2146.60	2441.30	8190.00	219.350	109.430	7267.00	–	125.970
Spain	S	334.619	1809.40	2057.80	6901.70	184.892	92.2400	6125.30	79.3850	–
	C	315.143	1704.05	1938.06	6500.00	174.131	86.8726	5758.83	74.7649	–
Pta	B	296.802	1604.90	1825.30	6121.70	163.997	81.8200	5433.10	70.4130	–
United Kingdom	S	1.74510	9.43610	10.7320	35.9970	0.964240	0.481050	31.9450	0.414000	0.553740
	C	1.64352	8.88687	10.1073	33.8984	0.908116	0.453053	30.0853	0.389909	0.521514
£	B	1.54790	8.36970	9.5190	31.9280	0.855260	0.426690	28.3340	0.367220	0.491160

S = Exchange rate at which the central bank of the country in the left hand column will sell the currency identified in the row at the top of the table
C = Bilateral central rate.
B = Exchange rate at which the central bank of the country in the left hand column will buy the currency identified in the row at the top of the table

Treasuries rise as monetary policy eased

By Patrick Harverson in New York and Richard Waters in London

GOVERNMENT BONDS

US TREASURY prices rose across the board yesterday morning after the Federal Reserve, responding to concern about the sluggishness of the domestic economy, and with one eye on a possible financial crisis in Japan, eased monetary policy.

By midday the benchmark 30-year bond was up [illegible] at 101[illegible], yielding 7.892 per cent. The two-year note was markedly firmer at midsession, up [illegible] at 101¼, to carry a yield of 5.125 per cent.

Prices had been firmer early on following a positive inflation report, which showed that producer prices rose just 0.2 per cent during March. The indication that inflationary pressures in the economy remain muted may have been the trigger for the Fed's easing move, which involved intervention in the credit markets.

The Fed's actions, a series of overnight system repurchase agreements while the Fed funds rate was trading at 3¾ per cent – below its target of 4 per cent – surprised the market, which had been expecting no intervention.

The move was immediately interpreted as an easing of policy, although analysts were unsure whether the new target rate was 3¾ per cent or 3½ per cent.

Recent messages emanating from the Fed have suggested that the authorities remain concerned about the sluggish nature of the economic recovery, and in particular about the weakness in money supply growth. Yesterday's signal that the Fed wants to see lower interest rates was interpreted as an attempt to address those problems.

The sharp declines in Tokyo stock markets over the past week and growing concern that an economic slump in Japan could stifle world – and therefore US – economic recovery, may also have helped persuade the Fed the time was right for a further easing.

■ DURING normal trading hours yesterday, UK government bonds continued their last-ditch pre-election advance with further gains of more than half a point. The market's apparent belief that the ruling Conservative party could yet find itself still in office when the votes have been counted.

"It could be the triumph of hope over reason," one analyst said, adding that some speculative money had come into the gilts market during the day.

Yesterday's gains come on top of a strong performance already recorded this week. The market has now climbed firmly away from its low point of a week ago, when yields touched their high point for the year so far. The benchmark 9 per cent bonds maturing in 2011 had recovered from 93⅝ to 94¾ by the opening of business yesterday, and during the day moved ahead further to 95¼.

In a moderately busy day on the futures market, the long gilts future, which opened at 94[illegible], rose to a high of 95 on news of an easing of US rates, before easing slightly.

Yesterday's gains reflected both a more positive showing for the Conservatives in late opinion polls before voting began, and further moves by traders to cover short positions.

■ SHORTER-dated bonds in Germany moved ahead yesterday while long dated paper remained steady, bringing about a further flattening of the German yield curve.

Two things prompted the greater confidence in shorter-dated paper. One was a comment by Mr Norbert Kloten, president of Baden-Württenberg central bank, that interest rates should fall in the second half of the year. The second was the recommendation of an arbitration committee that public sector workers should receive a pay rise of 5.4 per cent – lower even than the level the market had been hoping for.

"The market has clearly taken a different view on monetary policy," said Mr Klaus Baader, an economist with UBS Securities in London. A week ago, 10-year bonds were yielding 47 basis points more than five-year paper: yesterday, that differential had fallen to 36 basis points.

■ JAPANESE government bonds eased yesterday, as investors continued to watch with horror the havoc being wreaked on the financial sector by the plunge in share prices.

With the confirmation of the Japanese budget (with its projected borrowing of Y7,300bn) yesterday acting as a reminder of the extensive supply of bonds to come in the year ahead, there was little cheer during the day.

The yield on the benchmark bond no. 129 rose during the day from 5.555 per cent to 5.585 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	100.6507	-0.782	9.90	9.91	10.02
BELGIUM		9.000	08/01	101.4000	+0.050	8.76	8.88	8.69
CANADA *		8.500	04/02	98.5500	+0.000	8.72	8.84	8.73
DENMARK		9.000	11/00	100.9500	+0.180	8.82	8.92	8.60
FRANCE	BTAN	8.500	03/97	98.7546	+0.076	8.81	8.87	8.75
	OAT	8.500	11/02	98.7700	-0.050	8.68	8.71	8.51
GERMANY		8.000	01/02	100.5000	+0.040	7.92	8.01	7.88
ITALY		12.000	02/02	97.8300	+0.100	12.36†	12.39	12.11
JAPAN	No 119	4.800	06/99	94.5700	-0.061	5.67	5.71	5.70
	No 129	6.400	03/00	104.7457	+0.028	5.64	5.58	5.43
NETHERLANDS		8.250	02/02	99.6900	-	8.29	8.40	8.21
SPAIN		11.300	01/02	102.1000	+0.050	10.91	11.00	10.66
UK GILTS		10.000	11/96	99-26	+12/32	10.05	10.33	9.84
		9.750	08/02	99-28	+18/32	9.77	9.98	9.53
		9.000	10/08	95-21	+21/32	9.53	9.71	9.32
US TREASURY *		7.500	11/01	100-27	+9/32	7.37	7.45	7.40
		8.000	11/21	101-09	+11/32	7.89	7.91	7.87

London closing. *denotes New York morning session. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Finland returns to market with $500m, five-year issue

By Simon London

INTERNATIONAL BONDS

FINLAND yesterday made a cautious return to the Eurodollar bond market yesterday, although its plans were disrupted by an easing of US interest rates and the unwillingness of investors to commit new funds to the market.

The $500m five-year issue was smaller and shorter in maturity than many syndicate officials had anticipated. Earlier this week firms were expecting a $1bn issue of between seven and 10-years.

Finland and Morgan Stanley International, which lead managed the issue, were also cautious in pricing the deal. Initial price talk indicated a yield spread of 40 to 43 basis points more than US Treasury paper, but this was seen as too aggressive by many market participants.

The deal was launched yesterday morning at an indicated yield spread of 42 to 45 basis points over Treasuries, and priced in the afternoon at the higher level.

Finland is rated AA2 by Moody's Investors Service and AA plus by Standard & Poor's, the two big US credit rating agencies. This is only one notch below Norway, which has a $1bn five-year issue, launched last week, trading at a yield spread of 27 basis points in the grey market.

Despite compromise over the issue amount, maturity and pricing, the deal received a mixed response early in the day. Participants said investors remained uncertain about the outlook for Finland's credit quality, following measures to stabilise the markka last week.

In the afternoon the Eurodollar market was disrupted as the US authorities moved to relax monetary conditions. US Treasury bonds at the five-year maturity rallied by around ½ a point.

Although the lead manager said it was committed to holding the yield spread at 45 basis points, the spread widened as Treasury bond yields fell.

By the close of trading in London only around half the issue was in the firm hands of investors. The deal was quoted at 100.16, against a fixed re-offer price of 99.675. The yield spread was around 50 basis points in a volatile market.

Elsewhere, SNCF, the French state railway company, doubled the size of its outstanding FFr3bn domestic/international hybrid bond issue maturing 2004. Lead managers CCF and Crédit Agricole offered FFr1.5bn bonds to international investors yesterday, with the same amount allocated to domestic institutions.

The 8.6 per cent paper was reoffered at a fixed price of 96.695, where the yield is 9.06 per cent, in line with the yield available on the outstanding bonds in the secondary market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Rep. of Finland(a)†	500	7.25	99.675	1997	25/12.5bp	Morgan Stanley Intl.
CPC(b)‡†	75	(b)	100	1997	(b)	ABN Amro
FRENCH FRANCS						
SNCF(c)†	3bn	8.6	97.645	2004	1.3/0.75	CCF/Caisse Nationale

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Full name of company: Cia Petroquimica Camacari. Coupon pays 75bp above 6-month Libor and payable semi-annually. Fees undisclosed. Non-callable. c) Issue comprises FFr1.5bn of international bonds and FFr1.5bn of domestic bonds. Non-callable.

Globex launch threatens to disrupt Europe's future

Tracy Corrigan on the 24-hour trading system which may increase competition between European exchanges

The launch in June of Globex, the around-the-clock futures trading system, could increase the level of competition between Europe's futures exchanges.

The system, developed by the Chicago Board of Trade, the Chicago Mercantile Exchange and Reuter, will initially list US products: pressure on European exchanges to join the system will increase when Globex starts to trade European products later this year.

So far, the Matif in Paris is the only European exchange to sign up. Its Paris interbank offered rate (Pibor), notional French government bond and Ecu bond contracts will be listed when the exchange links up in about six months time. Several other exchanges are in fairly advanced discussions with Globex.

The system is expected "to capture new customers [for existing products] by reducing barriers like time-zone differentials and lack of familiarity," said Mr Gary Ginter, managing director of Globex. It is an order-matching system designed to complement open-outcry trading on exchanges. However, its impact will be stronger where competition between exchange-traded products already exists.

For example, the London International Financial Futures and Options Exchange's Eurodollar futures contract, which is hardly thriving with average daily volume of around 4,000 contracts a day, could be virtually wiped out.

The CME's highly liquid Eurodollar contract, along with the CBOT's 30-year Treasury future, will be added to the system later this year. The first contracts to be traded will be the less active currency contracts listed on the CME, and the 10-year Treasury contract on the CBOT.

The CME is currently deep in discussions with Simex, the Singapore futures exchange, which has a highly successful Eurodollar contract, on how to continue to work together. Talks with Simex over Globex will then resume.

A more serious threat is that the Deutsche Terminbörse, the German futures exchange, may join Globex soon and list its German Bund contract on the system. Under Globex rules, rival contracts cannot be listed until a clear winner has been established – if both exchanges involved are members of the system.

Liffe's Bund contract is more heavily traded than the DTB's but the German exchange has been battling to win back market share, and trading on Globex could help advance that cause. Mr Friedrich Wahl, chief executive of DTB, said the exchange "will intensify the dialogue" with Globex. Discussions will focus on which contracts could be traded on the system and how to create the necessary technical links, he said.

Liffe, however, is still not close to an agreement. "We have been having discussions with Globex for three years, but the restrictions in the Globex agreement are still not acceptable to the Liffe board," said Mr David Burton, Liffe's chairman.

However, Mr Burton is aware the competitive threat from Globex is "something we have to address". It is still possible that Liffe will join Globex at a later date; alternatively, Liffe's APT after-hours screen trading system could be developed to operate as a global system to compete with Globex (an order-matching rather than a trading system). The issue will be discussed at a strategic planning meeting of Liffe board members later this month.

Globex – with just the CBOT, the CME, the Matif and the New York exchanges (excluding Nymex which is developing a rival system) – can claim to give access to 60-70 per cent of the world's futures trading. Banks and brokers do not doubt that they will need to use the system in order to meet customer demand.

"We have to use the system because our competitors will be using it," said Mr John Woodbyrne, futures desk manager at Credit Lyonnais Rouse.

Claims that Globex is set to transform derivatives trading may have been exaggerated. Mr Burton believes "the competitive threat is minimal in markets based in Europe," because of the concentration of liquidity. But there is little doubt the system will concentrate the minds of Europe's competing futures exchanges.

● OM, the Swedish futures exchange, will start trading futures and options on its LDCx index of less developed country debt on May 5.

S&P announces Spanish rating venture

THE RACE to create a debt rating market in Spain intensified yesterday when Standard & Poor's, the US rating agency, entered into a partnership with the local stock markets, and two official credit institutions, Instituto de Credito Oficial (ICO) and the export credit guarantor, CESCE, writes Peter Bruce in Madrid.

Efforts to begin Spanish rating operations began after the amount of corporate paper in circulation rose more than 300 per cent to about $21bn by the beginning of last year. There are, currently, about 55 issues outstanding, making Spain one of the most active corporate debt markets in Europe.

Mr Leo O'Niell, S&P's president and chief rating officer, said that in spite of the rapid growth of corporate paper issues – caused largely by Bank of Spain lifting borrowing restrictions more than two years ago, Spain was a good long-term proposition.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on April 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	105½	106¼	+⅛	6.46
ALBERTA PROVINCE 9 3/8 95	600	107⅞	108⅜	–⅛	6.78
AUSTRIA 8 1/2 00	400	104¾	105¼	–⅛	7.66
BANK OF TOKYO 8 3/8 96	100	103½	104	–⅛	7.33
BELGIUM 9 5/8 98	250	109⅝	110⅛	–⅛	7.62
BFCE 7 3/4 97	150	102⅛	102⅞		7.15
BNP 8 5/8 94	300	105¼	106¼		5.87
BRITISH GAS 8 3/8 99	350	103½	103⅞	–⅛	7.75
CANADA 9 96	1000	107¾	108⅛	+⅛	6.66
CARCO 9 1/4 96	650	104½	105	+⅛	7.96
CCCE 9 1/4 95	300	107⅝	108		6.28
COUNCIL EUROPE 8 96	100	103½	104	+⅛	7.02
CREDIT FONCIER 9 1/2 99	300	109⅝	110⅛		7.60
DENMARK 8 1/4 94	150	104⅞	105¼	+⅛	5.95
DENMARK 9 1/4 95	1571	107½	107⅞		6.38
ECSC 8 1/4 96	193	104⅜	104⅞		7.10
EEC 8 1/4 96	100	104⅞	105⅜	+⅛	6.86
EIB 7 3/4 96	250	103⅛	103⅝	+⅛	6.80
EIB 9 1/4 97	1000	108⅛	108⅝	–⅛	7.33
ELEC DE FRANCE 9 98	200	107	107½		7.49
EURO CRED CARD TST 9 94	325	104¾	105⅜	+⅛	6.85
EUROFIMA 9 1/4 96	100	107	107⅜	–⅛	7.14
EXPORT DEV CORP 9 1/2 98	150	109⅜	109⅞		7.55
FINLAND 7 7/8 97	200	101½	102⅛	–⅛	7.48
FINNISH EXPORT 9 3/8 95	200	107⅛	106⅝	–⅛	6.86
FORD CAPITAL 9 3/4 97	250	106⅛	106⅝		8.23
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	99⅛	99⅝	+⅛	5.12
CREDIT FONCIER 5 1/4 94	20000	99⅛	99⅝	–⅛	5.60
DENMARK 7 95	40000	104⅛	104⅝	+⅛	5.37
EIB 4 5/8 94	40000	99⅛	99⅝		4.95
ELEC DE FRANCE 5 5/8 96	20000	99½	99⅞	+⅛	5.74
FINLAND 6 3/4 96	50000	102⅞	103⅛	+⅛	5.95
INTER AMER DEV 7 1/4 00	30000	107⅜	108	+⅛	6.01
KANSAI ELEC PWR 4 5/8 94	60000	98⅛	99	+½	5.28
NIPPON TEL & TEL 5 7/8 96	50000	100⅜	101		5.67
NORWAY 5 1/8 95	50000	99⅜	99⅝	+⅛	5.35
SNCF 6 3/4 00	30000	105⅛	105⅝	+⅛	5.92
SWEDEN 5 5/8 95	20000	100	100½	+⅛	5.61
WORLD BANK 6 3/4 00	50000	105⅛	106		5.82

OTHER STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS	Cnv. price	Bid	Offer	Prem.
[illegible]				
HAWLEY 6 02 PREF	400 19.1	100	102½	
HILLSDOWN 4 1/2 02 £	150 3.97	117⅛	118⅝	
LAND SECS 6 3/4 02 £	84 6.72	75⅛	76½	+35.07
LASMO 7 3/4 05 £	90 5.64	72⅛	73⅝	
MITSUI BANK 2 5/8 03	200 2332.6	58	60	+69.15
MOUNT ISA FIN 6 1/2 97	100 2.283	95⅛	96⅛	+10.92
OGDEN 6 02	85 39.077	80⅝	81⅝	+49.14
SEGA ENTERPRISES 3 1/2 96	200 13018	99	99⅛	+45.32
SMITH & NEPHEW 4 02 £	90 1.775	121⅛	122⅛	+41.27
SUMITOMO BANK 3 1/8 04	300 3606.9	58½	59½	+91.58
TEXAS INSTRUMENTS 2 3/4 02	300 82⅞	89⅝	90⅝	
THORN EMI 5 3/4 04 £	103 7.16	120	121	+14.26

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	73	0	6
Other Fixed Interest	14	0	3
Commercial, Industrial	376	145	945
Financial & Property	175	139	478
Oil & Gas	16	15	57
Plantations	1	0	8
Mines	18	24	105
Others	13	42	90
Totals	686	365	1,692

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
500	F.P.	–	548	452	Applicable Sellr. Units	454		N3.1	–	0.9	–
106	F.P.	–	105	95	Avonside Group	99		L5.8	2.1	7.8	8.0
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or-
[illegible]							
40	Nil	–	1¼pm	1pm	PFG Hodgson	1pm	–¼

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 30
- Last Dealings April 10
- Last Declarations July 9
- For settlement July 20

3-month call rate indications are shown on this page.

Calls in: Barratt Devl., Berkeley Group, Gestetner, Nanweb, Medeva, Natl. Power, Persimmon, Premier, Rothmans B, Scottish Power, Slough Ests. and Yorkshire Elect. **Puts in:** BTR Ord. and Euro Disney.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]							
Utd. Biscuits (*405)	390	17	35	47	3	9	14
	420	4	17	29	19	24	28
Unilever (*883)	850	40	72	100	5	16	25
	900	15	42	67	27	37	47
Ultramar (*217)	220	8	14	–	13	–	–
	240	2	66	–	28	–	–

Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*316)	300	29	43	51	10	17	26
	330	13	27	36	26	30	41
	360	5	15	24	49	54	62

Option		Calls			Puts		
[illegible]							
Blue Circle (*255)	240	21	27	33	9	14	18
	260	9	17	23	20	25	28
British Gas (*250)	240	15	22	26	8	10½	15
	260	6	12	15½	21	23	26
Dixons (*210)	200	20	25	31	9	13	16
	220	11	15	21	18	24	26
Eurotunnel (*402)	390	40	60	75	22	30	35
	420	27	42	60	40	47	50

EURO FT-SE INDEX / FT-SE INDEX: [illegible]

PUTS								
[illegible]								
Apr	13	22	35	59	90	128	170	220
May	24	34	49	70	98	133	170	220
Jun	31	41	56	76	106	138	173	221
Jul	40	50	65	86	110	138	178	220
Dec †	70	–	100	–	140	–	200	–

April 9 Total Contracts 41,847
Calls 27,932 Puts 13,915
FT-SE Index Calls 15,272 Puts 7,062
Euro FT-SE Calls 528 Puts 615
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	17	Sears	8	■ OILS	
Allied-Lyons	49	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	5½	Courtaulds	39	Lex Service	16	TI	48	BP	21
Astec (BSR)	3	*Eurotunnel*	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	50	FKI	5½	Lonrho	15	Tesco	19	Conroy Pet	6
BOC	49	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	28	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	*NatWest Bank*	23	Vickers	12	Tuskar Res	½
Boots	33	GEC	15	P & O Dfd	30	Wellcome	72	■ MINES	
Bowater	58	Glaxo	58	Racal Elect	5	■ PROPERTY		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec.	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Reed Intl	39	Mountleigh	1½		

Goldman cleared in share probe

By Richard Waters

GOLDMAN SACHS, the US investment bank, was yesterday cleared by the Stock Exchange of involvement in any illegal share support operation over Maxwell Communication Corporation, the listed media group of the late Mr Robert Maxwell.

The exchange's investigation of Goldman covered only one narrow part of the bank's dealings with Maxwell. It has no further investigations of its own into the bank, though the Serious Fraud Office and Department of Trade and Industry are looking into the matter.

The exchange set up a working party of three senior executives from the securities industry in January, to report directly to its board on whether Goldman had acted within the exchange's rules when dealing in MCC shares.

The committee was told to look only at one aspect of Goldman's dealings: whether it had been covered by the Companies Act exemption which allows market-makers not to disclose stakes in listed companies which would normally have to be revealed to the stock market. Normally, any holding of more than 3 per cent must be published.

The investigation focused on Goldman's dealings between August 1990 and February 1991 – after it had bought a large put option from Robert Maxwell, giving it the ability to place shares with Mr Maxwell at a predetermined price.

The exchange is believed to have been concerned that any shares bought by Goldman after that time might not count technically as market-making positions, but rather should be treated as holdings built up through own-account trading.

Whereas market-makers take stock on to their books through the normal course of quoting buy and sell prices to support the stock market, own-account (or principal) traders buy shares with a view to taking a position and making a profit. The existence of the put option raised a question over whether Goldman had been acting purely as a market-maker.

The exchange said: "The working party found no evidence to support speculation that there had been a breach of Stock Exchange rules, or that there had been some form of illegal share support operation by Goldman Sachs." It added that Goldman had had "a valid basis for relying on the market-makers' exemption." The conclusions were accepted at a board meeting yesterday, it said.

Broking new ground across Europe

Richard Lapper charts the rapid expansion of Willis Corroon

WILLIS Corroon, the world's second biggest insurance broker, is close to completing a network of European subsidiaries and associates – following the acquisition this week of a 20 per cent stake in a medium-sized German insurance broker, C Wuppesahl & Co Assekuranzmakler.

The deal is the latest in a series effected by Willis since the October 1990 merger between Willis Faber of the UK and Corroon & Black of the US.

Over the past 18 months, at a total cost of some £25m, Willis has bought 50 per cent stakes in operations in Italy and the Netherlands and a 40 per cent stake of an operation in Spain.

New ventures have been begun in France, Sweden, Hungary, Russia, Denmark and Czechoslovakia. Wuppesahl, which handled premiums of more than DM300m in 1990, earning brokerage revenue of DM30m, has offices in seven German cities, and also brings Zurich representation in Switzerland and Austria.

Negotiations are afoot with a Belgian partner. A deal here would complete the network.

The speed with which Willis has assembled its network is symptomatic of the interest in the rapidly-growing European market of the world's biggest insurance brokers, which provide insurance and risk management services for the world's largest companies.

Increasingly brokers are also interested in the business of medium-sized companies which, following the approval of key planks of the European Commission's liberalisation programme, are now more likely to buy their insurance from companies located outside their home territories.

Brokers, which in many European countries have handled only a small percentage of commercial insurance business – as little as 15 per cent in Germany and Italy for example – see rising demand here as another source of growth.

Recent takeover activities include:

- In February Marsh McLennan, the world's biggest broker, spent $105m acquiring control of Faugere et Jutheau, the family-owned broker which is a driving force in French insurance broking. Europe has generated faster growth for Marsh than any other territory. The completion of a continent-wide network has been a priority for the group.

The Marsh network in Europe – which covers 16 countries – also includes the Lloyd's broker, CT Bowring, in London and Germany's largest broker, Gradmann Holler, which was acquired in 1989.

- In August last year Rollins Burdick Hunter, the US broker which is part of Aon Corporation, paid more than $200m to acquire Holland's leading broker, Hudig-Langeveldt.

Roger Elliott: chairman of Willis Corroon

- In the past five years both Sedgwick – which links London's Sedgwick with Fred S James – and Alexander & Alexander – formed when A&A took over Alexander Howden of London in 1982 – have strengthened their European networks.

A&A was represented in 60 European cities as early as 1989. But Willis's recent drive has been particularly urgent because of the way the October 1990 merger affected its European links.

The link-up with Corroon & Black ended a century-old relationship with the US broker, Johnson and Higgins, and a loose alliance of international brokerage connections, which included names like Mees Zoonen of the Netherlands, Gras Savoye of France and Gil & Carvajal of Spain.

Without the funds for big acquisitions, Willis has opted to link with small and medium-sized brokers or back existing teams of brokers in new ventures.

Willis's strategy means it lacks the weight in some European markets enjoyed by some of its rivals – especially after the recent acquisitions. Critics also suggest that its control may be limited in some cases.

Nevertheless there are also advantages. In particular by leaving local owners and managers with substantial stakes of each subsidiary, Willis feels it is likely to encourage a more dynamic development.

"By leaving substantial shareholdings with local managers and owners we have created incentives for people to develop the business nationally," says Mr Adrian Gregory, the group director responsible for Europe.

Mr Gregory says the main emphasis has been in building links with brokers who can help service the group's multinational business.

Willis's lower profile approach will also allow it to develop its existing relationships with the continent's large reinsurers more sensitively. "The network doesn't disturb our existing business connections in reinsurance," adds Mr Gregory.

Ramsden's bets on HK biting into its batter

By Angus Foster

HARRY RAMSDEN'S, Yorkshire's premier fish and chip operator, is betting on Hong Kong Chinese taking a liking to its secret batter with the announcement of a new joint venture in the colony.

The first overseas Harry Ramsden's is being set up, complete with chandeliers, in Wanchai, formerly known for its Suzie Wong girlie bars but now an up-and-coming business district.

Ramsden's has a one third stake in the venture, Bluelane, which also holds the franchise for the Asia-Pacific region. Other partners include Mr Andrew Bull, a concert promoter, and a garment trading company.

The UK company has been trying to break into Hong Kong since 1990, but has only now found the right site, a 6,600 sq ft and 200-seat restaurant being leased from Mr Gordon Wu, chairman of Hopewell Holdings and best known for building power stations and roads in southern China.

Mr John Barnes, Ramsden's chairman, said haddock will be the main fish on offer. But the company has been experimenting with garoupa and pomfret, which are plentiful in the South China Sea and taste "really quite good", he said.

Bluelane is looking at Singapore next and also has hopes for New Zealand and Japan.

IN BRIEF

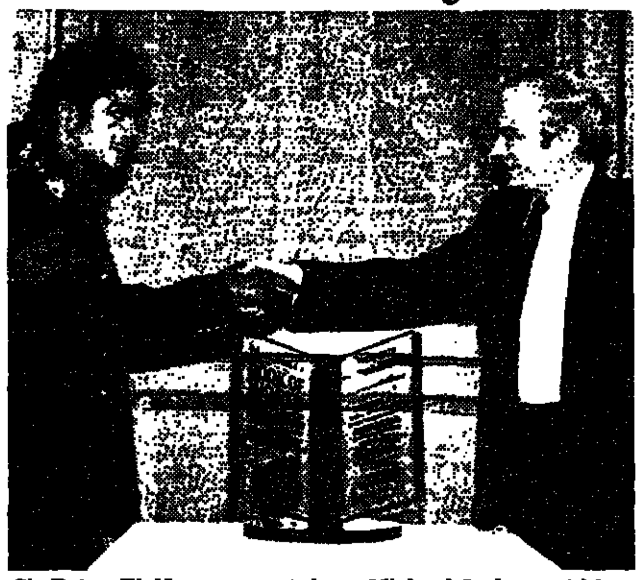
BREWIN DOLPHIN: Ownership of the stockbroker is to revert to its management with funding organised by KPMG Peat Marwick Corporate Finance and Baronsmead.

HILL SAMUEL Bank has sold its London Bridge Finance subsidiary to Cobac, the Belgian credit insurance company. LBF had a turnover of £5m in 1991.

POWELL DUFFRYN has completed the sale of its remaining foundry interests – Powell Duffryn Castings and Hamworthy Precision Machining – to European Automotive Components for £4.8m cash.

Recession and Gulf war behind £8.4m Wembley loss

By Richard Gourlay



Sir Brian Wolfson congratulates Michael Jackson at his last record-breaking series of concerts at Wembley

WEMBLEY, the international leisure group which owns the national stadium, yesterday reported pre-tax losses of £8.37m for 1991 – broadly in line with its forecast at the time of January's debt-reducing rights issue.

Sir Brian Wolfsen, chairman, said recession and the Gulf war had made 1991 a dreadful year but that the perception of debt-financed growth had also changed. Gearing had been reduced to 65 per cent by the rights issue and would fall to about 50 per cent by the current year-end.

"We spent £250m over six years creating businesses with £175m of debt," Sir Brian said. "The market said this was the wrong level of equity and debt."

Included in the pre-tax loss, a reversal from profits last year of £13.2m, was a £7.47m exceptional item. Almost half related to the restructuring of Pacer CATS, the ticketing machine business in the US, and a similar amount related to the write-down of the group's residual interest in its Juliana's night club business.

Losses per share emerged at 8.5p (earnings 13.3p). A proposed final dividend of 0.9p makes a 1.8p (2.4p) total.

While the company would have been able to maintain its dividend, a reduced level was considered less of a burden and would allow dividend growth in line with expected profits growth.

Sir Brian said that even with no improvement in UK economic activity, a number of income sources were on stream this year.

Tickets will be on sale for 12 concerts whereas in 1991 the reluctance by performers to travel after the Gulf war cut this to three.

Furthermore, legislation has been introduced to allow more live greyhound racing days in the US and the UK and the new Club Royale bingo club is currently showing record attendances.

● COMMENT

Few can blame Wembley for the fact that Whitney Houston, and other stars, decided on State Department advice that flying during the Gulf war was a security risk and postponed her European tour; nine fewer concerts than expected made a nasty dent in the bottom line. But Wembley's investments in exhibition halls and ticketing operations are reducing this historical dependence on filling the stadium. Coupled with the £6m lower interest charge after January's £37m debt-reducing rights issue, Wembley should substantially recover after what was a ghastly year. Brokers forecasting pre-tax profits at £11.9m, give 2.9p of earnings, and a prospective multiple of 12. But there is a need for caution: this time last year Wembley was hugely optimistic and the ground fell from under shareholders' feet. For all Sir Brian's optimism, the group's fortunes are still heavily tied to consumer spending.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Amec ....fin	6.25	July 1	6.25	10.25†	10.125
Beckman (A) ....int	1.63	June 8	1.63	-	4.78
Britannia Gp ....fin	nil	-	1.1	1	3
Dowding & Mills ....int	0.92	May 20	0.88	-	2.4
Norish ♣ ....fin	7	May 22	7	11.47	11.47
Parambe ....fin	0.55	Jul 2	1	1.1	1.55
Rathbone Bros § ....fin	7.5†	July 1	6	10	8
Sindall (Wm) ....fin	nil	-	4.5	1.5	6
Wembley ....fin	0.9	July 1	1.5	1.8	2.4
Whatman ....fin	5.8	May 8	5.25	8.7	7.75

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish pence.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables

TODAY

Interims- Manganese Bronze, Star Computer.
Finals- Bilton (Percy), Elys (Wimbledon), Jacks (Wm), Jakarta Fund (Cayman), Ulster Television

FUTURE DATES

Finals-

Black (A&C)	Apr. 15
Davies & Newman	Apr. 22
Gales (Frank G)	May 13
Hemingway Properties	Apr 13
Lilley	Apr. 13
Ropner	Apr 21
Tie Rack	Apr 15
Unigate	June 9
Worth Inv Trust	May 8

COMPANY NEWS: UK

International expansion for Amec

By Jane Fuller

AMEC, the construction and engineering group which announced a £9.9m pre-tax loss yesterday, said it would use some of its £76.7m cash to expand on the Continent, in the Middle East and in south-east Asia via a new headquarters in Hong Kong.

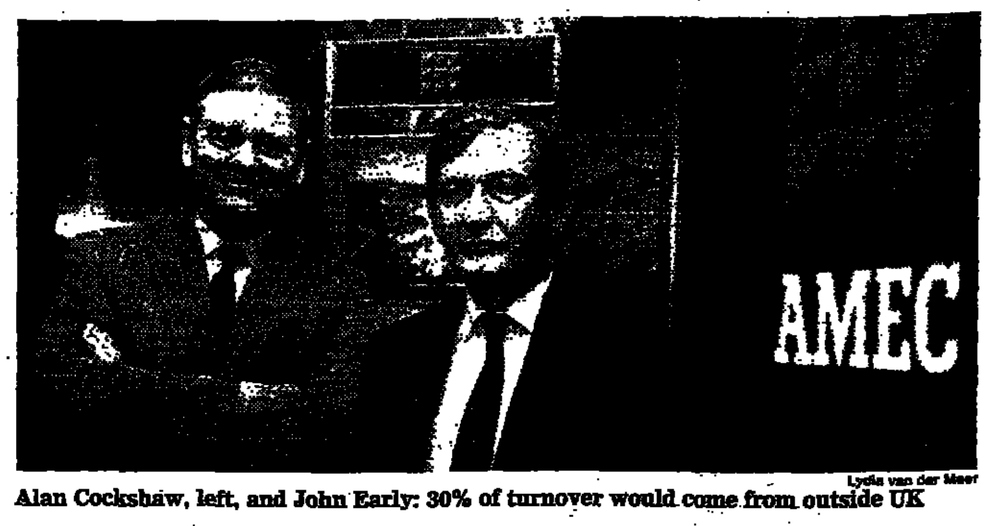
Mr Alan Cockshaw, chairman, said the proportion of group turnover derived from outside the UK was set to rise from just over 20 per cent in 1991 to 30 per cent this year.

In building and civil engineering operating profit fell from £30.3m to £24.2m on turnover of £772m (£865m). Mr John Early, finance director, said the order book was down 5 per cent overall since the beginning of 1991. Commercial work declined by 30 per cent and now only accounted for 10 per cent of the total, whereas the fall-off was slight in industrial and public sector work.

Mechanical and electrical engineering made £33.6m (£38.6m) profit on £1.41bn (£1.2bn) turnover. Orders had fallen by 10 per cent, and the proportion of commercial work declined from 16 to 9 per cent.

Housing and property increased its loss from £700,000 to £11.3m. Rationalisation included cutting the regional organisation from 10 units to six.

The diluted loss per share figure of 3.2p counted convertible preference shares as equity. Taking it as debt, the basic loss per share was 11.9p (or 11.8p of earnings before the exceptional costs), compared with earnings of 20.8p.



Lydia van der Meer

Alan Cockshaw, left, and John Early: 30% of turnover would come from outside UK

● COMMENT

It proved to be a good PR move for Amec to bring out results the day after Costain. Opportunities for favourable comparisons included a maintained dividend, cash in the bank, housing land valued conservatively at 20 per cent of selling prices (as opposed to 30 per cent) and no Channel tunnel involvement. Throw in some reassurance about the resilience of off-shore work, through refurbishment, and the welcome international expansion and Amec might be classed as one of the few buys in the building sector. This sentiment was reflected in an 11p rise in the share price to 149p (still well below the 200p rights issue price a year ago). The yield is attractive at just over 9 per cent. On a £45m pre-tax profit forecast the prospective p/e is less than 16 on the unfavourable basic earnings figures. But recovery potential is a bit awkward to assess because of lingering doubts about a late-cycle downturn in long-term contracting. For those braving this sector, it looks a quality stock.

'Bloody nose' at Dowding & Mills

By Peggy Hollinger

THE EFFECTS of recession around the world hit Dowding & Mills, the electrical and mechanical repair group, which reported a 28 per cent drop in interim profits, from £5.1m to £3.7m.

"We are in recession and we are taking a bloody nose," said Mr Jim Cole, chief executive. "But I think we have performed in the depth of this recession better than many other companies have in the good times."

Outlook for the second half remained uncertain, however. "January to March have returned to the miserable levels we experienced last year," he said. "We see absolutely no sign of an upturn in the UK and in most parts of the world."

Turnover fell from £41m to £38m for the six months to December 31. Mr Cole said the group had maintained gross margins, despite the drop in demand.

Decline in sales was felt almost equally across the group's geographical regions. Dowding, which rewinds and calibrates engines among other activities, operates in the UK, Germany, the Netherlands, Luxembourg and Australia. Expanding its international presence – overseas sales account for about 18 per cent of turnover – was one of the main reasons behind its unsuccessful bid for niche engineer Torday & Carlisle last year.

The £632,000 costs of the failed takeover were taken below the line. Dowding still holds 8.7 per cent of Torday. Mr Cole said the group would retain the stake, keeping its options open until Torday's annual results are published in the summer.

Interest charges were 10 times covered at £382,000 (£331,000). Mr Cole said Dowding retained a strong balance sheet with gearing at 22 per cent.

Earnings per share fell from 2.46p to 1.76p. The dividend is increased "in line with inflation," from 0.88p to 0.92p.

Three Harland arms up for sale

By Angus Foster

HARLAND SIMON, the control systems specialist rocked by a profits warning in February, yesterday confirmed that it was seeking buyers for three subsidiaries in a move to cut borrowings and concentrate on mainstream businesses.

Mr David Mahony, who returned as chairman following the resignation of Mr Roy Ashman, said negotiations were at an "advanced stage" for the sale of Vickerys, which makes blades and screens for the water and paper industries.

NEF, a Swedish subsidiary, and Pro-Aqua, involved in water control, are also being targeted for sale. Following the disposals, Harland will focus on its electrical and electronic businesses.

Harland's shares rallied 15p to 94p on the news. The shares have collapsed from 585p in February.

Several institutional shareholders liquidated their holdings following the profits warning, which also revealed provisions of £750,000 to cover disputed payments due from two companies controlled by the late Mr Robert Maxwell. Mr Ashman resigned following the profits warning. Mr Mahony said that despite the fall in the share price, Harland had not run into trading difficulties.

In June Harland is due to announce results for the year to March 31. Hoare Govett, the company's broker, has cut its forecast from £13m to £4m.

Vickerys made operating profits in excess of £1m in the year to March 31 from turnover of £11m. However, NEF and Pro-Aqua are expected to incur combined losses of £700,000 for the period.

Proceeds from any sales will be used to reduce borrowings, which have increased from £3.3m a year ago to about £13m. Most of the increase is due to last year's £7m-worth of acquisitions.

Mr Mahony said Harland's relationship with Perfect Information, an on-line news cuttings service with links to Mr Ashman, was "under review". Harland owns a £600,000 debenture in PI which, if converted, is equal to 18 per cent of the company's equity. Harland's pension scheme also has an investment of £500,000 in the service.

He said PI was now "making progress", despite a warning in February that delays and start-up costs would reduce profits due to Harland by £3m.

Receivers in at Isis Group

Mr Robert Birchall of the Bristol office of Cork Gully has been appointed administrative receiver to Isis Group.

The main trading company within the group is Isis Construction, which specialises in commercial and industrial building work. It has a turnover of some £30m and employs about 120 staff.

The other two companies are relatively small; Wessex Guild, a maker of architectural metalwork, with turnover of £3m employing 25 staff and Isis Pneumatics, which has turnover of £4m and about 50 employees.

Mr Birchall said the group had been in difficulties for some time. There had been negotiations with companies interested in the business but these had not been concluded.

Shares in Isis, an over-the counter stock, were last dealt in June 1991 at 40p through Granville Securities.

Sindall in red after provisions

For the third year in succession William Sindall, the builder, civil engineer and property developer, had to provide for exceptional charges.

That forced it into a loss of £4.19m for 1991, from a profit of £1.69m. The final dividend is omitted, leaving the total at 1.5p, against 6p.

Mr John Mott, chairman, said the exceptional charges reflected "the continuing ravages" of the prolonged recession on asset values and work prospects. This time they amounted to £5m (£1.25m) and comprised redundancy and closure costs totalling £517,000, and a write-down of the carrying value of housing and developments to £4.67m.

Turnover fell to £64m (£85.5m) and operating profit to £2.4m (£4.48m). Rental income held up better than forecast, at £1.37m (£1.38m).

Losses per share were 64.5p (earnings 14.37p).

Rizzoli buys controlling stake in Majestic Films

By Raymond Snoddy

MAJESTIC FILMS, the British film distribution company that put up half the finance for the hit film Dances With Wolves and has been involved with more than 20 feature films, including Henry V and Driving Miss Daisy, has sold a majority stake to RCS Video of Italy.

RCS is a wholly-owned subsidiary of Rizzoli-Corriere Sera, the large Italian publisher which has been expanding in the European media.

The London company – to be renamed Majestic Films & Television International – plans to expand, particularly in the production and distribution of television programmes. Its latest project is Maxwell: The Outsider, a two-hour film for television based on Mr Tom Bower's biography which will be shot during the summer for showing at Christmas.

Mr Guy East, the former head of sales at Goldcrest and founder of Majestic in 1988, will become chief executive and will retain a significant minority stake in the venture. He declined to say what the deal was worth or what his residual stake would be, but he said it was wise to have a relationship with one of the most powerful groups in European media. Mr Paolo Glisenti, managing director of RCS Video, becomes Majestic chairman.

The deal will give Majestic an entrée into Italy and the London-based company will also distribute films and television programmes in which RCS has an interest.

RCS also has small minority stakes in Carlton Television, which won the London weekday ITV licence, TF1, the French broadcaster, and Carolco, the independent US film studio.

Whatman knocked by US recession

By Roland Rudd

THE US recession was blamed by Whatman, the specialist paper and filtration equipment maker, for a 16 per cent fall, from £11m to £9.2m, in pre-tax profits for the year to December 31.

More than 60 per cent of the group's £49.6m (£44.6m) turnover is US-based. The UK accounts for just 17 per cent with the rest in continental Europe and the Far East.

A strong performance from miro-filtration products in North America shielded the group from the worst effects of the US downturn.

Mr Hugh Perrott, finance director, said: "A worst economic background than we had experienced was partly offset by gains from our new focused products where we had increased investment."

Reorganisation costs of £300,000, relating to the discontinuation of manufacturing filter systems, was taken above the line.

A net interest charge of £378,000, compared with net interest income of £733,000, mainly due to tax increases in Japan and the US. Earnings per share fell from 33.1p to 26.6p.

While capital expenditure fell from £10m to £4.7m, marketing and product development expenditure is expected to rise as a proportion of sales over the current year.

The final dividend is increased to 5.8p making a total of 8.7p compared with 7.75p. Mr Perrott said the group aimed to increase the dividend steadily.

COMPANY NEWS: UK

The rising workload of insolvency practitioners

Andrew Jack unravels the secrets behind the way the banks allocate their appointments of receivers

IF INSOLVENCY specialists get much of their business by scratching influential backs in the City, London may have developed *some very red* backs indeed over the past year.

While a handful of high profile insolvencies such as Polly Peck and BCCI have drawn public criticism for the high level of fees charged, less attention has been given to how business is allocated between them.

As an analysis *conducted* by the Financial Times shows, while the pattern is far from clear-cut, there are signs that particular banks favour certain receivers.

Work for qualified insolvency practitioners – most of them working in accountancy practices – has probably never been greater. Figures from the *Department of Trade and* Industry showed that company insolvencies last year rose to 21,827 – or 2.3 per cent of the number of active companies on the register at Companies House – the highest level for many years.

Insolvency income is likely to rise significantly in absolute terms as the firms report later *this* year. Given the decline in other activities, they are also likely to make up a larger proportion of total fee income from all accountancy services.

HOW THE BANKS DIVIDE THEIR RECEIVERSHIPS
Receivership appointments April 1991 - March 1992

	Total appts	NatWest	Barclays	Midland	Lloyds	Royal Bank	Bank of Scotland	Hill Samuel	Yorkshire Bank	3i
Total appointments		1236	933	750	598	415	162	134	80	62
		%	%	%	%	%	%	%	%	%
Coopers/Cork Gully	928	17	19	16	19	18	22	22	10	19
KPMG Peat Marwick	655	15	7	15	13	9	4	7	10	15
Ernst & Young	529	8	8	16	12	10	17	4	4	15
Touche Ross	486	11	7	8	15	4	7	14	5	7
Grant Thornton	457	8	9	10	3	15	14	10	20	5
Price Waterhouse	320	5	4	10	6	7	7	7	3	8
Arthur Andersen	293	3	4	6	12	4	3	0	5	0
Leonard Curtis	188	6	4	5	0	1	1	3	0	2
Stoy Hayward	165	4	2	3	2	1	1	2	8	16
Levy Gee	162	3	6	2	1	0	0	23	0	5
Other	1330									

Source: FT analysis of London and Edinburgh Gazettes

Practitioners point out that not only will appointments continue to rise with the effects of the recession, but *even after the economy has* begun to pick up, there is a substantial lag during which expanding businesses will not be matched by enthusiastic banks and further insolvencies will occur.

The FT analysis uses the announcements made in the official London and Edinburgh Gazettes, for the 12 months to the end of March. These name both the bank and the receiver which it calls in to sell the business or its assets.

Receivership – as distinct from administration and other insolvency procedures – is driven by banks, which hold security over assets held by *the company to which they* have loaned money.

The nine banks illustrated account for 79 per cent of all receiverships during the period, clearly led by National Westminster. The top ten insolvency and accountancy firms shown make up 76 per cent of all receivership appointments.

Eight of the ten firms are names familiar as among the top ten accountancy firms by fee income. The exceptions are Leonard Curtis, which specialises purely in insolvency work, and Levy Gee, the 25th largest firm by overall fee income, which has boosted its *receivership work substantially* over the past two years.

The proportion of receiverships given by the banks to each firm varies widely. Some banks appear to distribute their work relatively evenly, but others clearly favour particular firms.

Cork Gully dominates the appointments *overall. In all* but two cases it has a higher proportion of appointments than any other firm. The exceptions are Hill Samuel and Yorkshire Bank.

Hill Samuel gave 23 per cent of its appointments to Levy Gee. Yorkshire Bank gave 20 per cent to Grant Thornton and 8 per cent to Stoy Hayward. 3i gave 16 per cent of its appointments to Stoy Hayward.

Partly this is explained by the strong regional office structure of firms like Grant Thornton, *which offer a local pres*ence around the country. Some banks, such as 3i, also have a devolved management structure with appointments made locally.

Most importantly, banks and receivers alike point out that receiverships are allocated under the Insolvency Act to named qualified practitioners, *not simply to insolvency firms.* That is not simply a pedantic point.

"Receivership is a very personal type of work," says Mr Maurice Moses from Levy Gee. "The banks are trusting you with their money so they are not just going to pick up the phone and ask anyone. It really boils down to relationships and trust. It is the individual not the firm who is appointed."

He says four of the nine partners in the firm have close links with Hill Samuel and says they do make efforts to *cultivate individuals within* the bank. "But the best cultivation is doing a good job," he stresses. "You really are only as good as your last job."

In the past, some appointments by banks may have gone to the practitioners which held bank accounts or were audited by them. But the banks deny any accusations of favouritism, *and stress that they distribute* work based on their experiences of previous work conducted and their understanding of the workload facing a particular firm at any one time.

One senior banker says: "Obviously we meet the receivers socially. It is important to know the sort of people they are. *But the wining and dining* counts for nothing when it comes to appointments. Like pop stars, they are as good as their last appointment."

The data needs to be treated with some caution. They only show the number of appointments made, and give no idea of the value of each appointment – a figure often not likely to be revealed for a year or more after the insolvency practitioner moves in if ever.

They do, however, treat receiverships granted to one firm for a series of companies in the same group as a single appointment. That prevents the statistics from being inflated by a large number of dormant or related companies.

NEWS DIGEST

Britannia in loss after exceptionals

EXCEPTIONAL costs have again hit Britannia Group, the Cheltenham-based construction concern. But this time they led to a loss and the omission of the final dividend.

For 1991 the profit slumped from £1.83m to £410,000. The provision for the diminution in land stocks was cut to £775,000 (£1.2m) and there were reorganisation costs of £325,000 (nil); that led to a pre-tax loss of £690,000 (profit £631,000).

Losses per share came to 5p (earnings 3.5p). When announcing a cut in the interim dividend to 1p (1.9p) directors said they intended to pay a final (1.1p) – but they now considered that inappropriate.

Total turnover fell to £27.1m (£36.9m).

Rental income arising on development and investment properties was affected by the insolvency of two tenants. The development company was disposing of its land stocks with the exception of the site at Quedgeley, Gloucester, and its holdings at Rugby.

Rathbone tops £3m with 22% increase

Rathbone Brothers, the USM-traded asset management and private banking group, increased pre-tax profit by 22 per cent in 1991 and is raising the dividend by 25 per cent.

From turnover 11 per cent up to £11.4m, profit came to £3.12m (£2.56m) and earnings per share worked through at 26.61p (22.11p). The recommended final dividend is 7.5p for a total of 10p (8p).

Mr Oliver Stanley, chairman, said
the acquisition of the Framlington private client fund management business and the recruitment of five new investment managers in Liverpool should result in increased investment management revenues.

Parambe net asset value down 9%

Net asset value of Parambe, an investment company and dealer in securities and works of art, declined 9 per cent from 63p to 57.2p over the 12 months to end-December. Total income fell from £286,363 to £253,325 while pre-tax profits were down from £112,308 to £65,933.

Earnings per share emerged at 0.79p (1.1p) for the dividend which is cut to 1.1p (1.55p) with a proposed final of 0.55p.

Porth secures banking facility

Porth Group, the USM-quoted Christmas decorations company, said yesterday that it had successfully concluded 1992 facility negotiations with its bankers, National Westminster and Société Générale.

Norish achieves strong recovery

Norish, the Irish-based food services group, reported a recovery in the 1991 year with pre-tax profits up from I£1.47m to I£2.2m (£2.06m), equal to profit earned for 1989.

The disposal of the trading assets of the distribution business during 1990 meant a stantial reduction in turnover – down from I£21.1m to I£13.6m – and in working capital.

Earnings per share rose from 12.3p to 17.14p and the final dividend is maintained at 7p to hold the total at 11.47p.

Textile slide pulls down Beckman

A fall in pre-tax profit from £686,000 to £556,000 was reported by A Beckman for the half year to December 31.

From turnover of £5.03m (£6.02m) the textiles side saw its trading profit slide to £173,000 (£353,000).

Trading profit in property came to £574,000 (£492,000) on turnover of £779,000 (£720,000).

Earnings per share share fell to 3.1p (3.8p) and the interim dividend is again 1.63p.

Serif Cowells sells non-core business

Serif Cowells, the printing and packaging specialist, has sold its non-core business, Kemps Publishing Group, to its management, for £300,000 cash. The purchasers are also assuming responsibility for Kemps' bank borrowings amounting to some £748,000, and other liabilities.

Correction

Cadbury Schweppes

Cadbury Schweppes expects its purchase of 70 per cent of Piasten, a German confectioner, to add 0.2p to its earnings per share next year, not 2p as reported in yesterday's editions.

NOTICES

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

IN RE SYMBOL TECHNOLOGIES SECURITIES LITIGATION

MASTER FILE
CIVIL ACTION NO. 89-3735 (LDW)

SUMMARY NOTICE OF PENDENCY OF CLASS AND DERIVATIVE ACTIONS, CLASS ACTION DETERMINATION, SETTLEMENT OF CLASS AND DERIVATIVE ACTIONS AND SETTLEMENT HEARING

TO: (a) ALL PERSONS OR ENTITIES WHO PURCHASED THE COMMON STOCK OF SYMBOL TECHNOLOGIES, INC. ("SYMBOL") DURING THE PERIOD MAY 1, 1989 THROUGH JANUARY 15, 1990, INCLUSIVE ("CLASS ACTION").

(b) ALL STOCKHOLDERS OF SYMBOL ("DERIVATIVE ACTION") OF RECORD AS OF MARCH 16, 1992.

This important notice is to advise you of the pendency of consolidated class and derivative actions (collectively, the "Litigation") filed against Symbol, certain of its present or former officers and directors, and the underwriters for an August, 1989 public offering of Symbol common stock. Plaintiffs and dedendants in this Litigation have reached a proposed settlement of the Litigation and a hearing on this proposed settlement will be held before the Honorable Leonard D. Wexler on May 15, 1992 at 9:00 a.m. at the United States Courthouse, 300 Rabro Drive, Hauppauge, New York, 11788.

The settlement consists of a payment by or on behalf of the Defendants of $7,250,000 in cash and warrants to purchase Symbol common stock intended to have a value of $4,250,000 and certain additional relief in settlement of claims asserted in the derivative action.

At the settlement hearing, the Court will consider whether to approve: (1) the proposed settlement; and (2) the application by plaintiffs' counsel for an award of attorneys' fees and expenses.

If you purchased Symbol common stock between May 1, 1989 and January 15, 1990, inclusive, your rights are affected by the Litigation and you may be entitled to share in the settlement fund. However, to share in the distribution of the settlement fund, you must submit a Proof of Claim and Release on or before *August 15, 1992, establishing that you are a class member entitled to recovery.*

The foregoing is only a summary. A more detailed printed "Notice of Pendency of Class and Derivative Actions, Class Action Determination, Settlement of Class and Derivative Actions and Settlement Hearing" (the "Notice") and a Proof of Claim and Release form have been mailed to those class members and current Symbol shareholders who have been identified to date. If you have not received either the Notice or the Proof of Claim and Release form, you may obtain copies by writing to: Claims Administrator, Symbol Technologies Securities Litigation, c/o FRG Information Systems Corp., P.O. Box 3525, Grand Central Station, New York, New York 10017.

If you require information in addition to the Notice or Proof of Claim ***and Release, you should contact Plaintiffs' Lead Counsel:***

Richard Bemporad, Esq.
Lowey Dannenberg Bemporad & Selinger, P.C.
747 Third Avenue
New York, NY 10017
or call collect: 1-212-759-1504

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION

DATED: April 10, 1992

BY ORDER OF THE COURT

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

LME warns again on zinc supply

By Kenneth Gooding, Mining Correspondent

AS CONSUMERS protested yesterday that the London Metal Exchange's zinc market was out of touch with reality, the LME board issued its second warning this year that it was closely monitoring the growing zinc supply tightness.

It did so after the LME price for zinc for immediate delivery rose above the three-month price – or moved into backwardation, to use the traders' jargon.

Zinc prices have risen from $987 a tonne in late October – the lowest since the special high grade zinc contract was launched – to a 14-month high of $1,285 last week, in spite of LME stocks in that time moving up from about 150,000 tonnes to a record 222,800 tonnes.

In a note to traders yesterday the LME board said: "The exchange has at its disposal a variety of courses of action which would be introduced *should circumstances* dictate the necessity of such actions."

After this warning the backwardation, which on Wednesday was $12 a tonne, eased to $8.50 at yesterday's close.

Mr Martin Abbott, director of marketing, described LME's latest move as "a warning shot across the bows of anyone who might be thinking of playing any games in the zinc market."

However, Mr Malcolm Widdows, managing director of Brock Metals, a British West Midlands company best known as a supplier of zinc alloys to the motor industry, suggested: "The market is too open to manipulation. The LME doesn't like that word used, so let's say its too open to influence."

He said the fact that the zinc price in the past few months had gone up in spite of relatively weak demand and visibly high stocks was very frustrating for consumers and likely to drive some into using a different metal when that was possible.

"I'm very unhappy and my customers hate it," he added.

Mr Widdows suggested that "some clever person might have worked out that it pays to hold the majority of the zinc warrants and lend them out to cover *shorts at better returns* than bank rate". (Shorts are those who have sold metal they do not own in the expectation they can buy it later at a lower price).

Mr Widdows pointed out that the LME encouraged metal consumers to use the market to smooth out peaks and troughs in prices. "But how are consumers to know when these shenanigans are going to go on. If a consumer covers during one of these peaks and the price then drops like a stone, it puts that consumer at a disadvantage to competitors."

Brock also processes aluminium and Mr Widdows said that the zinc market's performance was a dire warning of what might happen should a secondary (scrap) aluminium contract be added to the LME's list.

There were various market rumours yesterday about the cause of the supply tightness. One company mentioned, Barclays Metals, said that, far from squeezing the market, it had always provided liquidity to the market if it was required – provided it had the metal.

If the LME board decides there is danger of a disorderly market, it is legally obliged to take action to put matters right.

In extreme circumstances in the past it has put an upper limit on the premium that can be charged to borrow metal (buy spot and sell forward) for a day.

US farmers cheesed-off over plan for imports

By Nancy Dunne and Geoffrey Dyer in Washington

AMERICAN DAIRY farmers are up in arms over a Bush administration plan to promote capitalism in Hungary by making room in the US market place for goya cheese.

The proposal – to eliminate the import duty for goya under the US Generalised System of Preferences – would be "simply the straw that breaks the dairy farmers backs", insists Congressman Jim Moody of Wisconsin, the number one US dairy state.

As efficient at lobbying Congress as they are at overproducing, dairy farmers turned out en masse yesterday for a hearing of a House agriculture subcommittee where the proposal was predictably decried.

Unwilling to attack a new democracy, the congressmen argued that giving GSP to goya would open the way for a flood of new duty-free imports that would chiefly benefit Argentina and Uruguay. They said imports of goya would rise by up to 100,000 tonnes.

Goya can be used as a substitute for Parmesan produced in the US. This, in turn, would drive farmers into manufacture of cheddar, which is purchased by the US government (when in surplus) and dumped on the world market.

"In our zealousness to help the newly democratic states, *we need to proceed with at* least enough caution to ensure that we do not undertake proposals that hurt ourselves more than they help the nations on whose behalf they are intended," Congressman Moody said.

Farmers thought they had won this point when a petition to admit goya to the GSP was rejected by the US Trade Representative last year. However, it is now being reconsidered after President Bush waived the three-year limit on resubmitting rejected petitions and raised the issue again. A final decision is due by the end of the month.

Meanwhile, Congressmen have mounted an attack against the State Department, which they claim is once again using agriculture "as a tool of foreign policy". They said that without a duty, imported Goya would sell in US food stores at 30 cents below the US price.

"If we can find ways to effectively help countries like Hungary develop market economies, we should do so," said Congressman Moody. "But this particular prescription won't help the patient and will most certainly hurt the doctor."

EC wants independent review of Canada's overfishing claim

By David Gardner in Brussels

THE EUROPEAN Commission yesterday called for an independent scientific review of Canada's claim that overfishing by European Community vessels just outside Canadian waters has cut the cod spawning biomass inside them by a *half.*

Mr Manuel Marin, the EC fisheries commissioner, indignantly rejected this claim last week, stating that the main problem was overfishing by domestic and other non-EC vessels inside Canada's 200-mile limit, and the Ottawa government's political inability to face up to restructuring the Canadian fleet.

The commission has made it clear that if EC vessels were found to be responsible for depleting severely the cod stock, they would be withdrawn from the area.

Canada claims Spanish and Portuguese boats are overfishing the "straddling stock" of cod on the "Nose" and "Tail" of the Grand Banks, off New*foundland but outside* the 200-mile limit. The EC says the stock that straddles the limit amounts to between 3 and 5 per cent of the total.

Brussels contends that even if Canada is right that EC vessels took 20,000 tonnes of undeclared cod out of these international waters last year, the EC could not be responsible for the claimed collapse of the spawning biomass.

The Commission wants the *scientific committee* of Nafo – the Northwest Atlantic Fisheries Organisation, which administers the area adjoining Canada's waters – to examine the claims of Canadian government scientists. It asked Canada to agree to a Nafo meeting in March, but Ottawa refused, Mr Marin said.

Brussels is now raising the pressure for a review, having won the backing of the EC fisheries ministers last Friday. It also announced yesterday it was willing to suspend part of the EC quota in the Nafo area causing the dispute, "whilst pursuing the objective rational *conservation and management* of fish resources" that it expected Canada to participate in.

Petrochemicals plant inaugurated

By Karen Fossli in Antwerp

NORTH SEA Petrochemicals yesterday inaugurated the last unit of a revolutionary $275m Antwerp-based petrochemicals plant. It is the first of its kind to embrace, in a single complex, the entire production process for polypropylene based on propane and refinery propylene.

NSP, formed in 1989, is an equally-owned joint venture between Statoil, the Norwegian state oil company, and Himont, a member of Italy's Ferruzzi group and one of the world's leading producers of polypropylene.

The vertically-integrated propylene and polypropylene facility includes the world's first propane dehydrogenation plant. The complex is also the first in Europe to manufacture polymer-grade propylene directly from propane gas and refinery propylene.

The dehydrogenation unit converts 250,000 tonnes of propane annually and is linked to a 400,000 tonnes–a–year propylene purification unit, which supplies propylene raw material for NSP's 180,000 tonnes-a-year polypropylene plant.

The entire complex supplies Himont and Statoil with polypropylene and the excess propylene for their separate downstream processing and marketing activities.

The completion of the project comes, however, at a time when the world's petrochemicals industry is experiencing marketing difficulties that have been attributed to oversupply. Dr Italo Trapasso, vice president of Italy's Montedison, president of Montecanini and chairman of Himont, said here yesterday that during 1983-89 the industry had grown at a faster rate than world GNP.

Dr Trapasso dismissed the industry's present problems as cyclical and expressed optimism about recent slight growth in the world economy and the outlook for polyolefins, which he called products of the future in relation to environmental concerns and market flexibility.

Mr P.M. Morrione, Himont's president, said that he believed the industry's problems were not caused by excess volumes in the market and pointed out that European and US demand had increased this year by an estimated 17 per cent.

Mr Harald Norvik, the president of Statoil, defended his company's investment in the *Antwerp facility in spite of pre*vailing poor market conditions and said his view of polypropylene as a polymer of the future had not changed.

Mr Norvik added that Statoil was considering further expansion of petrochemical operations through the addition of a second polypropylene line and a second world-scale MTBE plant in Antwerp.

Statoil last year suffered an operating loss of NKr17m (£1.52m) on its petrochemicals activities, compared with a profit of NKr718m in 1990. On a group basis net profits dipped slightly to NKr4.2bn from NKr4.3bn because of the one-off effect of Norway's tax reform.

Japan likely to set back metals demand

By Kenneth Gooding

JAPAN'S PRESENT economic problems will hold back worldwide metals demand and consequently western world consumption growth this year will be only "modest", the Metal Bulletin Research organisation says in its latest report.

MBR suggests that Japan is going into recession and "metals demand there will be disap*pointing throughout 1992.* Nearly all the indicators suggest that the short-term prospects for base metal demand are poor and they are likely to continue to deteriorate during the remainder of the second quarter".

Analyst Mr Neil Buxton says that, given the weakness of the first half-year, "there will be little, if any, growth in base metals demand in Japan for 1992 as a whole".

As that country's industries consumes between 10 and 25 per cent of the traded metals, when Japan's slowdown is added to the continuing sluggish demand in Europe, "these combined factors will offset the revival that appears to be gaining ground in the US," he says in MBR's Base Metals Monthly.

Drawing together some statistics to back his case, Mr Buxton says that the Japanese Ministry of International Trade *and Industry is forecasting* that crude steel output in Japan will fall by 16.8 per cent in the second quarter and that speciality steel production will be 17.2 per cent down from the same months last year.

In the copper market, the Japanese Electric Wire and Cable Makers' Association saw copper electric wire orders in January dip below 90,000 tonnes for the first time since January 1990. They were down more than 5 per cent from January last year. The Japan Aluminium Alloy Refiners' Association forecast that demand for secondary (scrap) aluminium will fall 3.6 per cent in the 1992 fiscal year.

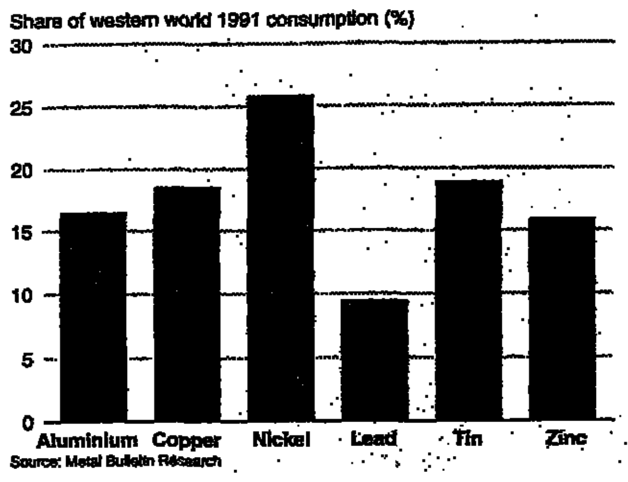
The International Lead and Zinc Study group recently forecast a slight fall in zinc consumption in Japan in 1992, while lead consumption was predicted to be unchaged from last year's level.

According to the World Bureau of Metal Statistics, aluminium consumption in Japan grew by 1.8 per cent last year compared with 9.5 per cent in 1990; copper consumption was up 2.3 per cent (9 per cent); nickel 10.4 per cent (down 2.3 per cent) and zinc 3.7 per cent (6 per cent.)

Base Metals Monthly, £600 a year from MBR, 16 Lower Marsh, London SE1 7RJ, England.

Japanese metal demand

Share of western world 1991 consumption (%)



Source: Metal Bulletin Research

ICO delegates at odds over negotiating group

THE SIZE of the negotiating group for a new International Coffee Agreement was proving to be the first obstacle on the road to renewed efforts to support coffee prices, delegates at the International Coffee Organisation's London council meeting said yesterday, reports Reuters.

On Tuesday, after a working group had reported on the prospects for agreeing a new marketing pact, the council gave the go-ahead for negotiations to be held on an agreement with economic clauses, probably based on a universal export quota system.

Delegates had differing ideas, however, on the form the negotiations should take. Consuming country members were seeking open discussions, while most producers were in favour of a "10 plus 10" consumer/producer group with observers.

"The doubt is whether they should go immediately to a negotiation group or leave it open to all members," said Mr Nestor Osorio of Colombia. "I feel, however, that most of the ground to be discussed initially has already been covered by the working group."

Another delegate said: "Small producers want a big negotiating group, while larger producers want a small negotiating group."

Consumers, meanwhile, were keen that talks on a new economic pact should be open to everyone, including non-members.

"I think transparency is an important concept," commented Mr Myles Frechette, head of the US delegation.

The question of when negotiations could begin was also at issue. Producers wanted talks to start as soon as possible, while consumers felt a date in mid-June was the earliest feasible.

Delegates were hoping to reach agreement on these issues last night, although the present council meeting is scheduled to continue today.

Spanish gas deal signed

By Tom Burns in Madrid

ENAGAS, Spain's state-owned natural gas distributor, will begin importing liquefied natural gas from Nigeria in 1997 under the terms of a 22-year-long agreement worth in excess of Pta200bn (£1.1bn) that was signed yesterday in Lagos with a consortium formed by the Nigerian National Petroleum Corporation, Shell, Elf and Agip.

The contract, part of a package negotiated by the consortium with Italy's Enel, Cabot of the US and Gaz de France, represents a further step in the diversification and increase of Spain's LNG imports.

Enagas, which has traditionally bought from Algeria and Libya, will be receiving Norwegian natural gas through a new trans-Pyrenees pipeline in October next year. Towards the end of the 1990s a second pipeline will supply Spain with LNG from Algeria via Morocco.

Spain wants to increase its use of natural gas from 6bn cubic metres a year to 15bn in the year 2000. The agreement specifies that, in an initial phase, Spain will annually ship 1bn cu m of Nigerian LNG for domestic distribution.

Nuova Samin lead smelter soon to re-open

THE OVEN at Nuova Samim's lead smelter at Portovesme, Italy, shut down for routine maintenance in mid-March, is scheduled to resume operations by April 24, a representative of the state-owned energy group Ente Nazionale Idrocarburi (ENI) said yesterday, reports Reuter from Rome. She gave no further details.

ENI said when announcing the facility's shut-down that it would remain out of action for 25 days.

WORLD COMMODITIES PRICES

MARKET REPORT

THE **PLATINUM** price fell to the lowest level for 11 weeks yesterday after another bout of Japanese selling. At the London bullion market's afternoon fixing the it was $345.20 a troy ounce, down $4.05 on the day and $10.55 on the week so far. Traders believed Japanese operators had again sold platinum to raise funds to cover equity losses. Other precious metals were little changed. At the London Metal Exchange the cash **COPPER** price reversed an early fall to close £6.25 higher at £1,270.75 a tonne. Dealers said the fall had bounced off support at the equivalent of $2,230 a tonne and the subsequent gain was encouraged by expectations that a further fall in LME stocks would be announced today. But **ALUMINIUM** stocks were expected to rise to a fresh record and the cash price closed $6.25 down at $1,323.75 a tonne. The prospect of a further stocks increase also weighed on the **NICKEL** market. The uptrend in **TIN** *prices was maintained* as concern continued at the lack of quality metal available for nearby delivery. The cash price closed at $5,812.50 a tonne, up $40 on the day.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.65-6.75	-.175
Brent Blend (dated)	$18.95-9.05	-.175
Brent Blend (May)	$18.90-8.95	-.175
W.T.I. (1 pm est)	$20.20-2.30z	-0.30
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$211-213	-1
Gas Oil	$176-177	+1
Heavy Fuel Oil	$73-74	
Naphtha	$177-179	
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$338.70	+0.15
Silver (per troy oz)♣	411c	+1.0
Platinum (per troy oz)	$345.20	-4.05
Palladium (per troy oz)	$83.80	-0.20
Copper (US Producer)	104.71	-1.64
Lead (US Producer)	37.38c	
Tin (Kuala Lumpur market)	14.58r	+0.01
Tin (New York)	271.00	+1.50
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.53p	-0.47*
Sheep (live weight)†♠	90.39p	-10.3*
Pigs (live weight)†	105.51p	+1.07*
London daily sugar (raw)	$246.0y	
London daily sugar (white)	$278.5y	-0.5
Tate and Lyle export price	£250.0	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£149.5w	
Wheat (US Dark Northern)	£120.0w	
Rubber (May)♥	55.25p	-0.25
Rubber (Jun)♥	56.50p	-0.05
Rubber (KL RSS No 1 May)	220.0	-0.5
Coconut oil (Philippines)§	$60.0t	+10
Palm Oil (Malaysian)§	$400.0z	
Copra (Philippines)§	$427.5w	+2.50
Soyabeans (US)	£148.5w	-1
Cotton "A" index	59.45c	-0.65
Wooltops (64s Super)	448p	+2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstockprices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	217.60	219.00	218.00	211.80
Aug	208.20	209.40	209.60	209.00
Oct	199.80	200.00	200.00	198.00
Dec	197.00	200.00	195.00	
White	**Close**	**Previous**	**High/Low**	
May	274.00	276.70	276.60	271.50
Aug	276.20	277.90	277.80	274.00
Oct	266.70	267.90	268.00	264.10
Dec	268.70	268.40	265.00	264.70
Mar	268.20	269.90	270.00	266.20
May	271.20	272.90	273.00	269.80
Aug	275.20		276.20	272.80

Turnover: Raw 890 (2179) lots of 50 tonnes. White 2296 (3789)
Paris- White (FFr per tonne): May 1532.27 Aug 1536.78

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
May	18.86	19.18	19.29	18.84
Jun	18.80	19.13	19.23	18.78
Jul	18.75	19.07	19.14	18.72
Aug	18.78	18.96	19.05	18.78
Sep	18.69	18.94	19.01	18.68
IPE Index	*19.03*	*18.89*		

Turnover 1800 (28598)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Apr	173.75	173.50	177.25	173.25
May	173.75	174.25	177.75	173.50
Jun	173.25	174.00	177.75	173.25
Jul	173.75	174.75	177.75	173.75
Aug	175.50	176.25	178.00	175.50
Sep	177.00	177.75	179.50	177.00
Oct	179.25	179.50	181.00	179.25
Nov	179.75	180.25	180.50	

Turnover 23259 (17791) lots of 100 tonnes

FRUIT & VEGETABLES
Apples from the Southern Hemisphere are this week's best fruit buy. Choose from Cape Golden Delicious at 50-65p a lb (60-70p) or Chilean Granny Smith at 55-60p a lb (55-65p). English cauliflowers are abundant with prices ranging from 60-70p each (60-70p). Other good buys include *Egyptian new potatoes at 20-25p a lb* (22-25p) and parsnips at 30-40p a lb (30-40p). English, Dutch and Guernsey tomatoes are plentiful this week at 60-70p a lb (80-90p). Spanis celery at 55-65p (55-65p) a head is a good buy along withEnglish round lettuce at 20-30p (20-30p) a head. NB Last week's prices shown in brackets.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
May	616	610	622	612
Jul	643	637	651	640
Sep	668	665	675	667
Dec	702	699	707	701
Mar	735	731	743	734
May	756	750	762	758
Jul	776	770	780	775
Sep	795	789	802	795
Dec	824	817	828	825

Turnover: 6721 (4483) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 8 749.46 (756.52) 10 day average for Apr.9 772.96 (781.43)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
May	857	857	865	855
Jul	874	871	881	870
Sep	889	887	896	888
Nov	905	905	911	904
Jan	922	921	930	930
Mar	935	935	945	945

Turnover:1021 (2261) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr.8: Comp. daily 57.21 (56.69) 15 day average 58.71 (56.74)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
May	118.4	118.5	818.0	118.2
Apr	124.0	123.0	124.0	123.0

Turnover 97 (25) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	130.50	121.00	130.50

Turnover 75 (140) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Apr	1164	1153	1165	1148
May	1163	1151	1163	1145
Jun	1063	1040	1063	1045
Jul	1066	1040	1066	1038
Oct	1196	1181	1195	1176
BFI	1143	1149	1143	

Turnover 284 (205)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
May	123.70	123.70	124.00	123.60
Jun	126.35		125.50	125.35
Nov	115.70	115.75	115.70	
Barley	**Close**	**Previous**	**High/Low**	
May	115.50	116.20	115.50	

Turnover: Wheat 174 (73), Barley 9 (57).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
May	126.3	126.6	125.0	125.9
Jul	114.0	113.9	113.5	113.2
Aug	108.6	109.9	108.5	108.2
Nov	110.5		110.0	109.8

Turnover:45 (26) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 29,242 lots
Cash	1323.5-4.0	1329.5-30.5		1321-2		
3 months	1349-50	1356.5-57.0	1355/1347	1348-8.5	1354-6	180,078 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,686 lots
Cash	1270.5-71	1264-5	1271.5/1270.5	1271.5-2.0		
3 months	1290-90.5	1294-5	1301/1291	1290.5-99	1288-9	108,875 lots
Lead (£ per tonne)						Total daily turnover 1,953 lots
Cash	304-5	305-6		304.5-5.0		
3 months	316.5-7.0	316.5-7.5	318/314	316.75-7.0	314-5	17,102 lots
Nickel ($ per tonne)						Total daily turnover 3,298 lots
Cash	7345-55	7410-15	7381/7377	7375-7		
3 months	7435-45	7501-2	7485/7445	7465-70	7450-60	26,506 lots
Tin ($ per tonne)						Total daily turnover 2,248 lots
Cash	5810-15	5770-5		5800-5		
3 months	5800-05	5775-80	5845/5785	5790-5	5845-50	6,610 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,379 lots
Cash	1263-5	1264.5-65.5		1263-4		
3 months	1255-6	1253-4	1257/1253	1253.5-54	1255-7	52,792 lots

LME Closing £/$ rate: SPOT: 1.7665 3 months: 1.7403 6 months: 1.7111 9 months: 1.6892

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	338.50-338.90	
Opening	338.10-338.50	
Morning fix	338.40	194.059
Afternoon fix	338.45	194.655
Day's high	339.00-339.30	
Day's low	337.90-338.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.44	6 months	3.41
2 months	3.42	12 months	3.57
3 months	3.41		

Silver fix	p/fine oz	US cts equiv
Spot	234.85	409.60
3 months	241.05	413.75
6 months	247.40	417.85
12 months	260.00	420.30

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	338.50-339.50	193.50-194.00
Maple leaf	349.00-350.00	199.75-200.25
New Sovereign	83.00-84.00	47.50-48.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	140	149	3	3
1300	51	66	11	18
1400	7	18	67	70
Copper (Grade A)	**Calls**		**Puts**	
2150	85	93	3	6
2250	16	27	32	39
2350	3	4	116	115
Coffee	**May**	**Jul**	**May**	**Jul**
800	57	84		10
850	14	49	7	25
900	1	27	44	53
Cocoa	**May**	**Jul**	**May**	**Jul**
600	18	52	3	9
625	4	35	14	17
650	1	22	36	29
Brent Crude	**May**	**Jun**	**May**	**Jun**
1850	57	82	2	30
1900	20	47	7	43
1950	5	26	8	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	339.5	337.9	339.3	338.8
May	340.0	338.4	0	0
Jun	340.9	339.3	341.0	339.6
Aug	342.9	341.4	342.8	341.5
Oct	344.9	343.5	344.1	344.0
Dec	347.0	345.7	346.9	346.0
Feb	349.2	348.1	349.0	349.0
Apr	351.4	350.5	0	0
Jun	354.0	353.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	344.9	342.1	345.0	343.0
Jul	345.9	343.5	346.0	343.4
Oct	348.8	347.4	350.0	348.0
Jan	349.9	347.5	350.0	348.3
Apr	351.4	349.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	410.5	407.8	410.0	410.0
May	411.3	408.8	413.0	409.0
Jun	412.9	410.4	0	0
Jul	414.3	411.9	416.0	412.0
Sep	417.6	415.4	419.0	416.0
Dec	422.7	420.7	424.0	420.5
Jan	424.4	422.5	0	0
Mar	428.3	426.5	0	0
May	432.1	430.5	0	0
Jul	436.0	434.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	100.60	100.10	100.65	99.90
May	100.75	100.35	101.20	100.10
Jun	100.80	100.40	100.75	100.25
Jul	100.80	100.40	101.20	100.20
Aug	100.85	100.45	0	0
Sep	100.85	100.50	101.25	100.30
Oct	100.85	100.50	101.00	101.00
Nov	100.85	100.50	101.00	101.00
Dec	100.85	100.50	101.30	100.40
Jan	100.75	100.40	100.40	100.40

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.73	9.62	9.75	9.47
Jul	9.38	9.35	9.44	9.19
Oct	8.97	8.86	9.00	8.80
Mar	8.76	8.74	8.85	8.75
May	8.75	8.72	0	0
Jul	8.78	8.71	8.75	8.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.20	20.62	20.60	20.15
Jun	20.22	20.62	20.61	20.18
Jul	20.19	20.57	20.58	20.15
Aug	20.17	20.50	20.48	20.10
Sep	20.15	20.42	20.42	20.10
Oct	20.07	20.35	20.35	20.10
Nov	20.08	20.29	20.20	20.05
Dec	20.00	20.24	20.26	20.00
Jan	19.95	20.15	20.18	19.95
Feb	19.87	20.07	20.01	19.98

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5545	5626	5630	5525
Jun	5510	5578	5585	5495
Jul	5506	5574	5575	5500
Aug	5580	5639	5635	5570
Sep	5700	5749	5715	5700
Oct	5790	5849	5800	5800
Nov	5900	5939	5920	5900
Dec	5960	6024	6015	5960
Jan	6010	6044	6045	6000
Feb	5954	5954	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	971	943	979	955
Jul	1013	986	1020	1000
Sep	1051	1024	1055	1039
Dec	1103	1076	1105	1090
Mar	1145	1112	1141	1137
May	1168	1146	1170	1168
Jul	1198	1176	1197	1197
Sep	1224	1202	1225	1225

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	69.50	71.25	71.10	68.50
Jul	72.20	73.75	73.60	70.75
Sep	74.90	76.10	75.90	73.50
Dec	78.20	79.80	79.25	77.25
Mar	82.00	83.70	83.00	82.00
May	85.25	87.15	85.25	85.25
Jul	88.15	89.65	0	0
Sep	90.00	91.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	58.65	58.25	58.88	57.50
Jul	60.28	60.06	60.45	59.17
Oct	61.75	61.80	61.95	61.10
Dec	62.38	62.35	62.55	61.65
Mar	63.68	63.65	63.90	63.00
May	64.23	64.15	64.00	63.75
Jul	64.60	64.55	64.20	64.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	134.45	136.75	135.90	134.30
Jul	130.00	131.80	131.45	129.80
Sep	123.05	124.80	125.50	123.05
Nov	118.25	119.25	120.05	118.25
Jan	118.25	119.05	119.60	118.25
Mar	118.00	118.60	119.90	119.00
May	118.00	118.60	118.50	119.50
Jul	118.00	118.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.9	Apr.8	mnth ago	yr ago
1635.9	1633.9	1616.8	1741.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.8	Apr.7	mnth ago	yr ago
Spot	116.47	117.04	118.25	125.17
Futures	120.06	120.74	122.31	128.34

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	568/4	566/6	570/0	566/0
Jul	575/6	574/2	577/2	573/2
Aug	579/6	578/2	580/6	578/0
Sep	583/4	581/0	584/0	581/4
Nov	589/4	587/2	590/2	587/2
Jan	597/6	596/2	598/4	596/4
Mar	607/0	605/0	607/0	605/4
May	613/0	613/0	613/4	612/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.45	19.35	19.49	19.37
Jul	19.75	19.65	19.78	19.67
Aug	19.90	19.80	19.93	19.83
Sep	20.05	19.96	20.07	19.98
Oct	20.16	20.10	20.22	20.13
Dec	20.51	20.41	20.53	20.42
Jan	20.60	20.51	20.60	20.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	172.9	172.3	173.3	172.3
Jul	175.0	174.4	175.5	174.7
Aug	176.0	175.3	176.5	175.8
Sep	177.2	176.2	177.4	176.6
Oct	191.5	189.7	191.8	190.5
Dec	192.3	190.8	192.4	191.0
Jan	192.0	190.8	192.0	192.0
Mar	192.8	193.0	193.0	192.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	253/4	253/0	254/4	252/4
Jul	258/6	258/0	259/6	257/6
Sep	254/4	253/6	256/0	253/6
Dec	252/4	251/4	254/4	251/6
Mar	260/2	259/6	261/6	259/0
May	264/2	263/0	266/2	264/0
Jul	268/0	266/4	269/0	267/0
Dec	256/4	255/4	255/6	255/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	362/4	366/4	367/4	362/0
Jul	352/2	356/0	358/4	352/0
Sep	356/6	359/4	360/4	356/6
Dec	365/2	368/0	368/0	364/4
Mar	368/4	369/0	369/4	367/4
May	357/4	358/0	0	0
Jul	341/4	341/4	343/0	340/4
Sep	347/0	346/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.425	79.225	79.475	79.025
Jun	74.075	73.875	74.100	73.675
Aug	69.575	69.300	69.650	69.325
Oct	69.075	68.775	69.200	68.850
Dec	69.300	69.125	69.475	69.200
Feb	68.800	68.650	69.050	68.750
Apr	70.100	70.060	70.250	70.100

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.775	43.350	43.950	43.000
Jun	48.850	48.075	48.875	47.825
Jul	46.700	46.025	46.750	45.900
Aug	44.775	44.300	44.900	44.200
Oct	41.200	40.850	41.200	40.850
Dec	43.000	42.975	43.200	42.750
Feb	44.200	43.950	44.200	43.850
Apr	42.350	42.225	42.360	42.350

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	35.625	35.075	35.800	34.950
Jul	35.725	35.275	35.860	35.200
Aug	33.975	33.675	34.300	33.725
Feb	43.400	43.600	44.000	43.200
Mar	42.625	42.700	0	42.625

LONDON STOCK EXCHANGE

Footsie posts biggest gain of the year

By Steve Thompson

LONDON'S equity market, shrugging off the debilitating effects of the recent slides by Wall Street and Tokyo, was gripped by election fever as the market spiralled upwards towards the close amid frantic trading and a growing feeling that the Tories might have staged a last gasp advance to pip Labour at the post.

The FT-SE 100-share Index went into overdrive, gathering momentum as the day wore on and closed 43.2 higher at 2,436.4, its biggest single-session rise this year.

Adding to the market's general mood of enthusiasm was another bout of strength in the currency and money markets. Sterling continued to rise against the dollar and the D-Mark, especially the latter, while the three-month inter-bank rate indicated that the market sees no short term increase in bank base rates.

Gilt-edged stocks mirrored the general mood, posting gains of around half a point.

Dealers pushed prices ahead as soon as the market opened after confirmation in the most recent opinion polls that the Conservative party had begun to peg back the long-held Labour lead.

They were also reassured by a late rally on Wall Street on Wednesday evening. Another bad showing by the Tokyo market, down to its lowest for around six years, had been expected, dealers said, but remained a worrying factor.

Account Dealing Dates		
*First Dealings:		
Mar 23	Apr 6	Apr 27
Option Declarations:		
Apr 2	Apr 23	May 7
Last Dealings:		
Apr 3	Apr 24	May 8
Account Day:		
Apr 13	May 5	May 18

*New-time dealings may take place from 8.30 am two business days earlier.

What took the market by surprise was the weight and volume of demand for UK equities at the eleventh hour of the election campaign. The Footsie future galloped ahead, triggering short covering around the derivatives market and causing a flurry of buying of the underlying Footsie stocks.

There was strong evidence that overseas funds had moved back into the London market with Glaxo, ICI, BATs and all the recently-troubled utilities attracting exceptionally heavy support from the Continent, the US and from domestic institutions. "We've had our busiest day for a week or so," said a trader at one of the leading US investment banks although he professed scepticism over the market's expectations of an overall Tory majority in the next Parliament.

Another said the market had definitely responded to a late swing of support for the ruling party and marketmakers, alarmed at the prospect of waking up with short trading positions in the face of a Tory victory, had rushed in to cover all their short positions. "There is no doubt the City expects a much better showing by the Conservatives and there has definitely been keen support for the leaders since the encouraging economic data earlier this week," he said.

Turnover in equities was well above expectations at 506.2. Strategists are forecasting a tumultuous trading session this morning when it is expected that the biggest single session turnover so far this year, just over 700m shares, will be left far behind.

Water, electricity and power generation stocks, all of which have been roughly treated in the run up to the election, were strongly supported, as was BT, in both fully-paid and partly-paid form. Reuters was hit by another burst of selling pressure.

Hopes of disposal boost ICI

TALK that ICI might be about to sell off one of its divisions was behind a good performance for the shares, which advanced 14 to 1273p. Analysts said the market believed that the chemicals and pharmaceuticals group would soon announce the disposal of its fibres subsidiary, following a report in a leading US trade magazine.

There is a feeling that US chemicals group Du Pont wants to buy the division to get a foothold in Europe and observers estimate that it could be worth around £350m to ICI. The latter said it never comments on market rumour.

Mr Charles Lambert of securities house Smith New Court said the sale would be good for sentiment and could be worth some 30p on ICI's share price, but would not impinge heavily on the company's balance sheet. ICI said yesterday it had completed the sale of its rock salt and white salt businesses to a US-based investor group in a deal valued at about £40m.

Forte pressured

Hotel group Forte came under pressure on consideration of Queens Moat Houses's results, released on Wednesday, which pointed to continued poor hotel occupancy rates in the UK. Queens Moat, which derives around 40 per cent of its profits from continental Europe, reported UK occupancy rates for the first two months of the year below the level a year ago – a period when the hotel trade was hit badly by the Gulf war.

Hoare Govett yesterday sounded a cautious note on Forte, pointing out that the group is heavily exposed to the UK market. The shares slipped a penny to 214p in busy trading of 1.3m. Queens Moat rose 2 to 73p, helped by a strong buy note from Paribas.

Reuters slides

Information group Reuters shed 20 to 1085p on turnover of 1.8m shares, heavy for the stock, as a result of what one analyst called "Wall Street paranoia". More than a third of Reuters shares are held by US investors and Wall Street has fallen sharply in recent days. Also, a couple of UK securities houses have turned cautious this week.

However, Henderson Crosthwaite was a strong buyer yesterday and Mr Brian Newman, the firm's Reuters analyst, said: "We think the stock is oversold and I believe that the launch date for its automated foreign exchange system Dealing 2000-2 is imminent."

Building group Amec saw its shares rise in spite of a loss of £9.9m against profits of £42.2m last year, with property write-downs the culprit. However, Amec's other markets appear generally solid, and the group is holding on to cash of £76m.

One building analyst argued that given the fact that Amec's dividend is covered this year, and taking account of the company's strong cash position, a yield of 9.2 per cent – similar to Wimpey and Costain – is too high. He added that the shares should move to a lower yield of say 8 per cent, implying a price of around 170p. Yesterday the shares moved forward 11 to 149p.

A buy note from Nomura helped Cable and Wireless rise 10 to 538p. The house liked the telecoms group's refocusing of strategy, although as in the case of others it is cautious over restructuring costs.

Rumours of a late surge in support for the Conservatives made BT partly-paid the most heavily traded stock of the day with over 10m shares recorded. The partly-paid finished 6¾ ahead at 100¼p. The ordinary shares gained 7 to 314p.

Euro Disney remained friendless as the fall-out from this week's analysts' visit to the Paris site continued to pull the stock down. Further trouble for the theme park, which opens its doors to the public this weekend, can be expected next week when a number of analysts are likely to produce negative reports. The shares retreated 22 to 1433p.

Rank Organisation, seen as a safe political hedge, continued its strong surge, ending 19 higher at 688p.

BP recovered some of its recent fall as the effect of a buy recommendation from securities house Hoare Govett made itself felt. Hoare has changed its stance from a hold and argues that the bad news surrounding the company is already discounted. The shares gained 2¼ to 248p.

If any sector was guaranteed to benefit from rumours about a late increase in support for the Conservatives it was the politically sensitive utilities. Hopes that the party responsible for privatisation of the electricity and water industries would hang on to power resulted in sharp gains by shares in both sectors.

The Electricity Package rose £93 to £2453, after rallying £92 on Wednesday.

Scottish power companies continued to recover some of their losses. Scottish Hydro improved 6 to 85p and Scottish Power 7 to 83p.

Among water companies, Anglian gained 14 to 331p, Thames 15 to 344p and Welsh Water 16 to 356p.

Politics were the main factor boosting stores, and not just speculation about a late swing to the Tories. County NatWest issued a note saying that a Labour government would not be as bad for the sector as sentiment suggested.

Analyst Ms Kimlan Cook at County said that if the Conservatives managed to achieve an overall majority shares would surge anyway, but if Labour formed the next government prices would come off, representing good buying opportunities for the quality stocks.

Dixons, up 12 at 210p, was identified by County as a particular buying target, partly because it is not as politically vulnerable as feared, and among other reasons the company's US operation is no longer a negative factor.

Other selective buy recommendations from NatWest's investment arm were Argos, which appreciated 14 to 247p, Boots, ahead 12 at 419p, Marks and Spencer, up 10 at 301p, and W.H. Smith, 22 stronger at 415p.

Traders marked up the price of Wellcome on news that former tennis star Mr Arthur Ashe is using its Retrovir drug to treat Aids. The shares closed 24 ahead at 1086p after unimpressive turnover.

Speculation that new contracts would be announced with next week's interim figures helped Smiths Industries jump 14 to 276p.

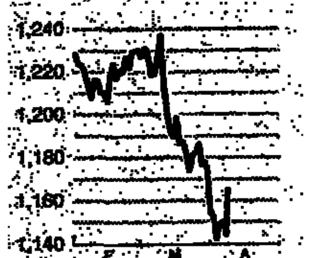
Construction equipment distributor and maker BM Group closed 12 down at 294p. A number of large holders of the stock are known to have sold out over the last few weeks as worries surfaced over the integration of Thomas Robinson, which it acquired in January. There is also concern about the company's exposure to the troubled building and construction sector.

Worries about the financial health of Eurotunnel left the shares 10 weaker at 403p, making it one of the handful of FT-SE stocks to buck the market trend.

MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Colin Millham.

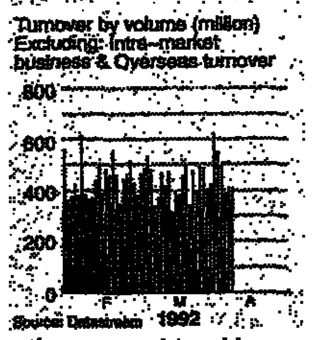
■ Other market statistics, Page 26.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (13). OTHER FIXED INTEREST (1) LCC 3pc 2020. BUILDING MATERIALS (1) Steetley. CHEMICALS (1) Wardle Storeys. CONGLOMERATES (1) MB Caradon. ELECTRICALS (1) Menvier-Swain. ENGINEERING GENERAL (1) Fairey. INVESTMENT TRUSTS (2) Fidelity Euro Values Wrrnts, TR Technology Sppd. Prf.. MEDIA (1) News Intl.. OTHER INDUSTRIAL MATERIALS (2) ECC, Servomax. STORES ...

FINANCIAL TIMES STOCK INDICES

	Apr 9	Apr 8	Apr 7	Apr 6	Apr 3	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.00	85.61	85.37	85.18	85.18	85.47	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.44	99.11	98.85	98.41	98.23	94.76	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1885.7	1854.7	1865.3	1859.2	1851.4	2002.2	2108.3 (2/9/91)	1808.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	112.3	111.5	116.2	117.4	118.1	141.2	222.8 (11/7/91)	111.5 (8/4/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2436.4	2393.2	2404.2	2400.9	2382.7	2531.6	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1149.42	1145.47	1154.11	1151.11	1141.32	1161.08	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.74	4.80	4.77	4.78	4.79	4.83				
●Earning Yld %(full)	6.91	7.00	6.96	6.97	6.97	8.81				
●P/E Ratio(Net)(☆)	18.14	17.92	18.03	17.99	18.03	13.97				
SEAQ Bargns 5.00pm	26,426	24,941	23,125	27,183	38,131	34,287				
Equity Turnover(£m)†	-	932.3	968.7	800.8	983.5	1035.94				
Equity Bargains†	-	27,993	27,656	32,581	47,009	33,786				
Shares Traded (ml)†	-	411.4	414.4	393.6	486.4	420.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.00

Ordinary Share Index, Hourly changes — Day's High 1885.9 — Day's Low 1860.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1860.3	1871.3	1868.4	1863.5	1870.3	1876.8	1881.0	1881.6	1882.5

FT-SE 100, Hourly changes — Day's High 2436.5 — Day's Low 2401.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2401.7	2417.4	2413.5	2409.8	2417.0	2424.1	2428.9	2430.7	2432.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1151.54 — Day's Low 1140.80

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1143.15	1142.58	1141.87	1144.61	1146.74	1149.01	1149.54

GILT EDGED ACTIVITY

Indices*	Apr 8	Apr 7
Gilt Edged Bargains	110.1	79.3
5–Day average	91.6	88.0

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	24	480	+2
ASDA Group	7,900	30½	+1
Abbey National	2,000	266	-2
Albert Fisher	725	70	+1
Allied-Lyons	2,500	585	+9
Amstrad	2,100	31	+1
Anglian Water	2,900	331	+14
Argos	513	247	+14
Argyll Group	3,900	321	+5
Arjo Wiggins	1,800	234	+1
Ass. Brit. Foods	478	432	-2
Comm. Union	775	409	+5
Cookson	522	128	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

REPORTS OF a late surge in support for the Conservative party in yesterday's general election triggered a strong advance in stock index futures in a volatile session, writes Joel Kibazo.

Trading in the June contract on the FT-SE opened firmly and it rose 5 to 2,444 within minutes. But June soon went into retreat after a leading institution began executing a sizeable order, sending the contract falling to 2,438.

Further selling, in spite of sporadic buying from independent traders, saw June ease to 1,445 by 11am. But buying interest returned in the afternoon as talk of a Conservative party lead increased.

A firm Wall Street and a late burst of panic buying as independent traders filled short positions saw June recover ground lost earlier.

June closed at 2,476, up 38 on the previous session and around 19 points above its estimated fair value premium to cash of about 22.

Turnover reached 7,391. UBS Phillips & Drew was particularly active in the session.

The traded options market also witnessed a busy session. Turnover rose to a healthy 41,847 lots. Hedging in the FT-SE options was the main feature. It had 22,334 lots traded by the close.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thu Apr 9 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Apr 8 Index No.	Tue Apr 7 Index No.	Mon Apr 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (179)	784.93	+1.5	7.84	6.04	16.70	10.84	773.34	773.81	771.76	877.76
2	Building Materials (22)	948.57	+2.4	6.72	6.67	20.78	10.30	926.52	924.19	928.95	1139.22
3	Contracting, Construction (28)	853.97	+1.9	7.70	7.71	19.88	9.16	837.75	840.37	841.03	1387.41
4	Electricals (8)	2367.10	+0.1	7.82	6.23	16.63	20.97	2363.57	2351.49	2333.31	2438.33
5	Electronics (29)	1763.95	+1.5	10.20	4.81	12.43	3.46	1738.02	1743.79	1737.07	1869.45
6	Engineering-Aerospace (7)	345.03	+2.5	9.63	7.50	13.60	9.52	336.73	337.04	332.73	459.94
7	Engineering-General (44)	470.95	+0.1	9.03	5.01	13.72	6.61	470.42	470.77	469.50	461.88
8	Metals and Metal Forming (8)	315.71	+0.7	1.98	10.97	–	0.32	313.62	311.04	307.91	490.35
9	Motors (14)	307.88	+2.4	8.51	7.64	15.44	6.43	300.55	303.97	300.80	357.09
10	Other Industrial Materials (19)	1634.61	+1.3	7.27	5.07	16.83	32.10	1613.01	1613.52	1609.55	1562.09
21	CONSUMER GROUP (188)	1591.48	+1.7	7.61	3.57	16.09	11.64	1565.23	1572.45	1567.92	1473.37
22	Brewers and Distillers (24)	1973.56	+1.8	8.18	3.69	14.70	16.70	1938.05	1944.65	1946.16	1789.34
25	Food Manufacturing (17)	1218.49	+0.5	9.00	4.30	13.87	17.10	1212.43	1217.48	1217.57	1203.36
26	Food Retailing (18)	2586.94	+1.3	8.91	3.37	14.52	6.04	2554.83	2558.48	2526.26	2837.37
27	Health and Household (24)	4153.56	+2.0	6.60	2.54	17.20	23.22	4072.09	4120.80	4116.20	3242.41
29	Hotels and Leisure (20)	1247.18	+1.9	7.27	5.47	17.47	15.37	1223.42	1229.08	1225.82	1375.49
30	Media (25)	1478.63	+0.2	6.53	3.71	19.11	13.93	1475.98	1499.96	1489.13	1511.48
31	Packaging, Paper & Printing (17)	728.85	+0.9	7.38	4.53	15.96	9.89	722.18	719.19	719.71	683.01
34	Stores (33)	988.79	+3.1	7.46	3.67	17.79	2.45	958.86	948.74	943.93	929.02
35	Textiles (10)	648.76	+1.0	8.06	4.80	15.33	2.94	642.37	649.06	646.18	545.69
40	OTHER GROUPS (116)	1164.37	+1.9	10.42	5.67	12.10	13.44	1142.57	1145.17	1147.99	1223.96
41	Business Services (17)	1260.00	+2.1	7.94	5.02	16.10	11.81	1233.67	1248.20	1245.08	1231.93
42	Chemicals (22)	1456.15	+0.9	7.11	4.99	17.24	23.59	1443.46	1443.46	1437.81	1276.48
43	Conglomerates (11)	1311.92	+2.3	10.85	7.67	11.27	9.10	1281.93	1298.07	1285.89	1547.48
44	Transport (14)	2269.38	+0.6	5.79	5.01	23.21	26.14	2256.85	2286.57	2277.91	2191.72
45	Electricity (16)	1105.96	+2.9	15.88	6.72	8.21	17.21	1074.43	1044.63	1058.39	1179.86
46	Telephone Networks (4)	1305.38	+2.1	12.01	4.80	10.87	16.02	1279.03	1281.72	1284.23	1463.69
47	Water (10)	2219.82	+3.7	19.21	7.16	5.73	0.00	2140.95	2157.39	2186.50	2523.62
48	Miscellaneous (22)	1838.71	+1.6	6.52	5.36	20.25	20.93	1809.17	1821.97	1848.09	1904.99
49	INDUSTRIAL GROUP (483)	1253.39	+1.7	8.51	4.66	14.70	12.27	1232.26	1236.16	1234.67	1252.15
51	Oil & Gas (17)	1995.71	+1.2	9.32	7.12	14.16	41.53	1972.00	1993.82	1998.65	2395.35
59	500 SHARE INDEX (500)	1322.49	+1.7	8.60	4.92	14.64	14.49	1300.89	1306.09	1305.02	1349.66
61	FINANCIAL GROUP (87)	651.59	+2.0	–	6.95	–	15.02	638.87	643.53	642.18	840.00
62	Banks (9)	826.95	+2.4	5.16	6.60	39.09	22.89	807.76	815.19	810.14	941.46
65	Insurance (Life) (6)	1312.02	+3.9	–	6.79	–	43.02	1263.36	1243.71	1243.61	1545.82
66	Insurance (Composite) (7)	425.85	+1.4	–	8.17	–	9.16	419.96	429.57	428.98	702.69
67	Insurance (Brokers) (10)	914.29	+2.5	8.42	7.33	15.67	20.48	891.99	909.66	909.74	1184.60
68	Merchant Banks (7)	411.89	+1.3	–	5.03	–	4.25	406.47	405.18	408.01	420.12
69	Property (33)	613.98	......	9.36	7.40	14.62	3.43	613.80	618.47	620.84	1025.08
70	Other Financial (15)	221.62	+0.2	9.05	7.80	14.52	3.12	221.21	221.16	222.10	289.95
71	Investment Trusts (70)	1117.18	+0.4	–	3.98	–	10.96	1112.66	1126.36	1124.38	1212.13
99	ALL-SHARE INDEX (657)	1163.91	+1.7	–	5.12	–	14.27	1144.85	1150.09	1148.96	1224.72

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 8	Apr 7	Apr 6	Apr 3	Apr 2	Year ago
FT-SE 100 SHARE INDEX♠	2436.4	+43.2	2436.5	2401.7	2393.2	2404.2	2400.9	2382.7	2405.4	2531.6

FIXED INTEREST

	PRICE INDICES	Thu Apr 9	Day's change %	Wed Apr 8	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	120.13	+0.29	119.78	1.60	3.77
2	5-15 years (25)	133.46	+0.62	132.64	2.14	4.09
3	Over 15 years (9)	143.02	+0.74	141.96	2.33	2.78
4	Irredeemables (6)	158.93	+0.66	157.88	3.76	1.50
5	All stocks (67)	131.67	+0.53	130.98	2.00	3.90
	Index-Linked					
6	Up to 5 years (2)	169.65	+0.01	170.09	0.10	1.83
7	Over 5 years (9)	144.99	+0.01	144.98	0.87	1.20
8	All stocks (11)	147.26	+0.01	147.31	0.77	1.27
9	Debs & Loans (62)	113.92	+0.42	113.44	2.08	3.41

	AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 9	Wed Apr 8	Year ago (approx.)
	British Government				
1	Low	5 years	9.02	9.22	9.13
2	Coupons	15 years	9.53	9.60	9.51
3	(0%-7¾%)	20 years	9.53	9.60	9.63
4	Medium	5 years	10.00	10.11	10.15
5	Coupons	15 years	9.62	9.71	9.95
6	(8%-10¾%)	20 years	9.57	9.65	9.90
7	High	5 years	10.22	10.34	10.29
8	Coupons	15 years	9.76	9.85	10.11
9	(11%-)	20 years	9.67	9.76	10.05
10	Irredeemables		9.74	9.80	9.93
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.84	3.84	3.73
12	Inflation rate 5%	Over 5 yrs	4.57	4.57	4.10
13	Inflation rate 10%	Up to 5 yrs	3.18	3.17	2.93
14	Inflation rate 10%	Over 5 yrs	4.40	4.40	3.92
15	Debs &	5 years	11.38	11.46	11.86
16	Loans	15 years	11.11	11.17	11.64
17		25 years	10.92	10.97	11.43

♠Opening index 2401.7; 9 am 2417.4; 10 am 2413.5; 11 am 2409.8; Noon 2417.0; 1 pm 2424.1; 2 pm 2428.9; 2.30 pm 2435.7; 3 pm 2430.7; 4.10 pm 2435.3; (a) 2.38pm (b) 8.31am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

Index – Linked

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	124½xd	—	124⅞	115⅞	2.83	3.81
2pc '96	(67.9)	160¼	—	161⅞	168⅞	3.36	3.88
2½pc '01	(78.3)	144⅞	+⅛	147¼	137⅞	4.11	4.42

... 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1991: 133.8 and for February 1992: 136.3.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		107⅞	+½	111½	95⅞	10.70	10.20
Asian Dev 10¼pc 2009		101⅛	+½	105⅞	91⅞	10.33	10.04
B'ham 11½pc 2012		104	+½	106½	100½	11.33	10.99
Ireland Cap 8½pc '10		91½	—	93¼	88½	8.98	–
9pc Cap 1996		92¼	—	93¼	92	9.77	–
13pc '97-02		106¼	—	115½	106⅜	11.35	–
Hydro Quebec 15pc 2011		132⅞	+⅛	137½	120⅞	11.8	10.90
Int-Am Dev 12½pc 2003		114⅞	+⅞	118⅞	105⅞	11.09	10.24
9¾pc 2015		98¾	+⅛	101⅞	86⅞	10.37	10.10
Leeds 13½pc 2006		117½	+¾	119½	110½	11.69	11.05
Liverpool 3½pc Irred		31¼	+¼	31¼	28	11.67	–
LCC 3pc '20 Aft		28¼	+¼	28¼	26	11.11	–
Manchester 11½pc 2007		104¼	+¼	107¼	97½	11.27	10.80
Met. Wtr. 3pc 'B'		55¼	+½	55¼	52	5.77	8.78
N'wide Anglia 3⅞pc 2021		103½	+¼	106¼	102	–	5.64
4¼pc IL 2024		103½	+¼	107⅞	103¼	–	5.36
Utd Mex States 16½pc 2008		122	+¼	126	101	13.33	13.18

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	34¼xd	—	36 11/16	20⅞	14,585	2.0
♥Allegheny & W	285p	−30	395p	218p	137.7	6.4
Amdahl	865p	−34	1159p	687p	960.1	0.7
Amer Cyanamid	34½	−1	42⅛	25⅜	3,217	2.4
Amer Express	12⅝xd	—	17⅞	9 11/16	5,887	4.5
Amer T & T	23⅞xd	—	24½	15¼	31,556	3.1
Ameritech	33	—	38⅞	32½	14,446	6.0
BankAmerica	22 13/16xd	—	25⅝	12 3/16	4,984	3.2
Bankers NY	28xd	—	38 3/16	20 1/16	2,472	9.1
Bell Atlantic	23⅛	−⅛	30½	23⅛	9,084	6.3
BellSouth	25	—	31⅛	25	12,187	6.2
♥Bethlehem Steel	7⅝xd	—	11¼	6 3/16	582.4	—
Bowater	1344pxd	−48	1839p	1042p	482.8	5.0
CPC	48¾xd	—	54 13/16	37 11/16	3,684	2.8
California Engy	575p	−33	930p	420p	122.9	—
Campbell Soup	19½	—	25	14⅛	4,901	2.3
Chase Manhattan	12⅝xd	—	14 11/16	5 3/16	1,775	5.4
Chrysler	9 13/16xd	—	10⅝	5⅜	2,904	3.4
Citicorp	8 3/16xd	—	10⅜	4⅝	2,984	—
Colgate-Palm	26⅝xd	—	28⅞	21 3/16	4,181	2.2
Cont'l Bank	975p	−42	997p	436p	924.6	3.7
Dana	21 13/16xd	—	23⅛	13⅝	898.7	4.1
Data General	550p	−7	1262p	203p	151.8	—
Dial	21⅛xd	—	24⅛	7⅞	883.6	2.9
Dun & Brad	29⅝	−2¼	33½	20⅛	5,286	4.1
Eaton	42	+⅛	45½	24¼	1,430	2.9
Echlin	9 13/16xd	—	11	5½	541.0	4.1
FPL	18⅞xd	—	20⅛	14 3/16	3,199	7.2
Fluor	21⅝xd	—	30 3/16	17 3/16	1,753	1.0
Ford Motor	22½xd	—	23 3/16	13	10,851	2.5
Gen Elect	42¼xd	—	46 13/16	28 3/16	36,509	2.8
♥General Host	472p	−25	586p	270p	—	4.3
Gillette	26⅝xd	—	45¼	20⅞	5,821	1.3
Hasbro h	14	+⅛	16	5⅜	1,204	0.5
Honeywell	40¾xd	—	43	21⅛	2,845	2.3
Houston Inds	24	−½	24¼	17⅞	3,093	6.9
IBM	47 3/16xd	—	72 13/16	46	27,212	5.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

‡‡Kenmare	4½	—	25	3½	4.32	–
‡‡Navan Res I£	25	—	28	15	3.35	–
Northgate Expl C$ s	36	–3	89	36	4.54	–
North West Expl A$	3	—	18	2	1.81	–
Oryx Gold $	51	—	188	51	–	–
‡‡Ovoca Res I£	6	—	23	5½	0.42	–
Plateau	8	—	44	8	3.64	–
RTZ q	573	+13	685	404	5,736	4.5
‡Vizcaya	1	—	10	1	0.53	–
Western & Pac C$	29	–5	152	7	15.8	–
Young Grp	25	+7	138	4	3.76	13.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✢ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	115.8	117.1	123.2	-0.70	0.00
AIB Grofund Equity	5	163.8	165.7	175.4	+1.60	1.93
AIB Grofund Euro	5	133.7	135.7	142.8	-1.90	0.48
AIB Grofund Gilt	3	69.22	69.26	71.41	+0.40	8.53
AIB Grofund Japan	5	98.05	99.17	104.4	-2.40	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116.3	116.3xd	123.3	+0.4	8.39
High Inc Equity	6	115.0	118.0xd	125.5	+1.5	6.77
Worldwide Bond	6	220.0	220.0	233.2	-0.2	6.10
Capital Growth						
American Growth	6	200.4	200.4	214.3	-1.6	1.04
Asian Pacific	6	134.9	134.9	144.2	-3.9	1.48
Assets & Earnings	6	172.3	172.3	184.2	+1.9	3.32
Capital Reserve Acc	0	113.5	113.5	113.5		7.91
Capital Reserve Inc	0	83.94	83.94xd	83.95	+0.01	7.91
Comdty & Energy	6	66.17	66.17xd	70.77	+0.37	1.50
1992 Enterprise	6	65.01	65.01	69.52	+0.02	3.14
Euro Capital Acc	6	90.44	90.44	96.72	-1.33	1.08
Euro Capital Inc	6	85.65	85.65xd	91.60	-1.26	1.09
General	6	158.1	158.1	169.0	+1.8	3.43
Japan	6	69.33	69.33	74.14	-1.46	-
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St, London EC1A 9DE 071-236 6441						
Dolphin Special Sits	5½	109.2	109.2	116.7	-1.0	3.80
Dolphin Dividend	5½	55.02	56.02	58.84	+1.53	6.35
Dolphin Int Gth & Inc	5½	150.9	150.9	161.3	+1.1	4.56
Dolphin UK & Gen	5½	34.44	34.63xd	37.03	+0.51	2.28
Dolphin Fund of Funds	5½	45.23	45.23xd	48.37	-0.48	1.96
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	73.33	74.55xd	79.73	+0.51	2.87
Do (Accum)	6	79.14	80.46	86.05	+0.55	2.87
Smaller Cos	6	60.05	60.05xd	64.22	+0.14	1.87
Do (Accum)	6	63.77	63.77	68.20	+0.15	1.87
Higher Yield	6	29.58	29.58xd	31.63	+0.30	5.25
Do (Accum)	6	38.93	38.93	41.64	+0.39	5.25
American Gth Inc	6	38.81	38.81xd	41.51	-0.63	0.00
Do (Accum)	6	39.55	39.55	42.30	-0.65	0.00
European Growth	6	84.89	84.89xd	90.79	-1.03	2.15
Do (Accum)	6	84.89	84.89	90.79	-1.03	2.15
Global Bond Inc	6	23.08	23.13xd	24.74	+0.03	5.16
Do (Accum)	6	27.66	27.72	29.65	+0.03	5.16
Managed P'folio Inc	6	25.51	25.59xd	27.37	-0.08	0.00
(Do Accum)	6	25.51	25.59	27.37	-0.08	0.00
Pacific Growth Accum	6	63.29	63.29	67.69	-0.96	1.12
Intl Spec Opps Accum ♥	5½	60.50	60.50	64.70	(z)	0.85
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262						
Mngd P'folio Inc	6	73.04	73.04	77.79	-0.44	2.67
Mngd P'folio Acc	6	135.6	135.6	144.4	-0.90	-
UK General	6	110.7	110.7xd	117.9	+0.50	4.30
Conv & General	6	16.02	16.02xd	17.06	+0.15	9.04
European Inc	6	20.73	20.73	22.33	-0.36	0.50
European Acc	6	21.30	21.30	22.93	-0.40	-
Financial	6	81.85	81.85xd	87.17	-0.51	2.20
Foundation	6	57.05	58.49xd	62.29	+0.26	4.50

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Marlborough Fund Managers Ltd (1630)F						
57 Victoria Square, Bolton, BL1 1LA 0204 364842						
Managed Tst	5	52.90	52.26	55.49	+0.39	5.54
Martin Currie Unit Trusts Ltd (0905)H						
Saltire Crt, 20 Castle Terrace, Edinburgh 031-479 4646						
Far East (Pacific)	5½	90.53	90.53	96.10	-0.82	0.84
Income & Growth	5½	57.82	57.82	61.38	+0.85	5.14
European (z)	5½	56.95	56.95	60.45	-0.82	1.25
Nth American (z)	5½	39.93	39.93	42.38	+0.35	0.76
Intl Growth (9-1)	5½	70.07	71.53xd	75.99	-0.58	1.26
UK Growth	5½	57.32	57.32	60.84	+0.55	1.83

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Manulife Management Ltd (1200)F						
St George's Way, Stevenage Dealings: 071-256 5858						
Growth Units	5¼	126.2	127.3	136.1	+1.6	3.90
Gilt & Fxd Int	5	149.3	149.3xd	158.3	+0.5	8.21
Intl Growth	5¼	133.6	133.6	143.2	-1.0	0.64
North American ♥	5¼	103.7	103.7	111.5	-1.1	0.79
Far East	5¼	124.9	124.9	133.7	-2.0	1.12
UK Smaller Cos	5¼	98.56	98.56	105.4	----	2.60
European	5¼	53.31	53.31	56.94	-0.52	0.92
Japanese Growth	5¼	24.96	24.96xd	26.68	-0.58	0.00
Managed P'folio	5¼	46.37	46.37	49.71	+0.18	1.78
High Income	5¼	127.9	129.3xd	138.3	+0.2	6.53
Marks & Spencer Unit Trust Ltd (1200)F						
PO Box 410, Chester X, CH99 9GG 0244 680066						
M & S Inv P'folio	5¾	106.9	107.2	114.6	+0.5	3.18
Do Accum	5¾	116.0	116.5	124.5	+0.4	3.18
UK Sel P'folio	5¾	89.24	90.07	96.33	+0.99	4.47
Do Accum	5¾	96.61	97.43	104.2	+1.0	4.47

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 — 379 — 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.–Contd.				
Pensionvestor & Unit-Linked Plus**				
Mixed Fund	424 4	446 7	-9 3	-
Ordinary Share Fund	631.5	664 7	-15 9	-
International Fund	164.5	173 2	-5 7	-
Property Fund	258.9	272.5	+0 6	-
Fixed Interest Fund	389 2	409.7	+0 4	-
Index-Linked Sec Fund	187 6	197.5		-
Deposit Fund	279 5	294.2	+0 6	-
Norwich Units Mar 14	1048 63		..	
*Prices as at April 7				
Jersey Investment Plan				
With Profits Fund	123 37	129 86	+0 03	-
Intl Equity Fund	88 94	93 62	-0.59	-
Intl Bond Fund	121 03	127 40	-0 06	-
Norwich Union Pensions Management Ltd				
Surrey Street, Norwich NR1 3NG 0603 683335				
Group Pooled Pensions				
Balanced Managed Fd	303 95	309 27	-2.00	-
Growth Managed Fd	100.10	101.96	-0 94	-
Sentinel Managed Fd	100 80	102.11	-0 45	-
Prices as at April 8				
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop Dist (Gross)	134.1	141 1	..	-
Prop Acc (Gross)	255 6	269 0		-
Equity (Gross)	827 0	870 5	+8.2	-
Managed (Gross)	580 8	611 4	+4.3	-
Prop Acc (Net)	122 0	128.4		-
Equity (Net)	192 6	202 8	+1.8	-
Managed (Net)	179 7	189.1	+1 2	-
International (net)	160.5	169 0	-0 9	-
Gilt & Fxd Interest	131.8	138.8	+0 6	-
Money Fund	137 8	145 0	..	-
Mixed Fund (Cap)	112.5	118.5	..	-
Mixed Fund (Acc)	115 9	122 0	.	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	634 1	667.5	+4 6	-
Ret Man (Series 2)	215 0	226.4	+1 6	-
Ret Cash	193 0	203 1	...	-
Pers Mixed Fd (Cap)	124.7	131 3	..	-
Pers Mixed Fd (Acc)	128 6	135 4	..	-
Pers Stlg Fd (Cap)	102 1	107.5	..	-
Pers Stlg Fd (Acc)	105.2	110 8	...	-
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	100 2	105.5	-0 8	-
Managed Balanced	94 1	99 10	-0 7	-
Managed Cautious	106.2	111.9	-0.2	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn.–Contd.				
Fixed Interest Ord	216 6	228 0	+0 4	-
Fixed Interest Init.	159 2	167 6	+0.3	-
Deposit Ord	184.2	193 9	+0.1	-
Deposit Init.	135 4	142.5	+0 1	-
Pension Funds				
Managed Ord	438 8	461.9	+0.2	-
Managed Init	322.5	339 5	+0 1	-
Equity Ord	660 6	695 4	+5 1	-
Equity Init	485.5	511 1	-3 7	-
Pen Ind Lkd Gilt Ord	178 2	187 6	+0 5	-
Pen Ind Lkd Gilt Init	136 8	144 0	+0.4	-
Overseas Equity Ord	298 1	313 8	-4 7	-
Overseas Equity Init	219 1	230 6	-3.5	-
Property Ord	278.9	293 6	+0 1	-
Property Init	205 0	215.8	+0 1	-
Fixed Interest Ord	274 5	288 9	+0 7	-
Fixed Interest Init	201 8	212.4	+0.5	-
Deposit Ord	263.0	276 8	+0.1	-
Deposit Init	193.3	203 5	+0 1	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Mar 11	247.7	258.1	..	-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Apr 08	£175 87	181.35	-2.82	-
Equity Apr 08	£197 49	204 27	-3.29	-
International Apr 08	£27.03	27 61	-0 68	-
Intl Bond Apr 08	£14 61	14 79	-0.1	-
Fixed Int Apr 08	£98.52	99 64	-0 04	-
Index Linked Apr 08	£70 60	71.49	-0 14	-
Property Apr 08	£108.27	114.31	+0 29	-
Cash Apr 08	£30.1506	30.1506	+0 0575	-
Pru-Linked Retirement Plan				
Managed Apr 08	428 5	446.4	..	-
Cash Apr 08	277.2	288 8	..	-
Prudential Pensions Investment Account				
Pens Mngd Apr 09	170 3	183.2	-1.5	-
Pens UK EQ Apr 09	295 9	319 2	-2 5	-
Pens Intl Apr 09	194.0	208.5	-2 8	-
Pens Global Eqty Apr 09	95.2	100.3	-1 0	-
Pens Fixed Apr 09	225.5	238 1	+1 1	-
Pens Index Lk Apr 09	183 7	193 9	+0.5	-
Pens Property Apr 09	88 5	93 2	..	-
Pens Cash Apr 09	180 8	190.5	.	-
Money Purchase Plan				
Discretionary Apr 09	93.5	100.2	-0.5	-
Equity Apr 09	93 9	100.9	-0.2	-

Scottish Amicable

Sun Alliance Group

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Providence Capitol International Ltd – Contd.

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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		Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Managers (IoM)					
Clerical Medical Hse, Douglas, IoM 0624 625599					
High Income	5	0.4775	0.5027		10.38
CMI Core Portfolio Fund					
UK	5	£-0.9697	1.0991		-
USA	5	£-1.0402	1.1035		-
Japan	5	£-0.4484	0.4792		-
Equity & Law Intl Fund Mngrs Ltd					
Victory Hse, Prospect Hill, Douglas IoM 0624 677877					
Total Income Fd	5	95.68 95.93	100.96	+0.03	10.2
Gartmore Fund Managers (IoM)					
PO Box 32, Douglas, IoM 0624 627610					
Intl Grth	5¼	471.4 471.4	506.3	-3.3	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd					
PO Box 52 Athol St Douglas IoM 0624 661020					
L.J. International	5¼	88.96 88.96	95.65	+0.40	-
Mercury Fund Managers IoM Ltd.					
11 Hill Street, Douglas IoM 0624 662255					
Merc IoM Fund	5	97.16 97.16	103.7	+0.60	7.5
Merc Intl Bond	5	50.53 50.53	53.10	+0.05	8.3
Sun Life Management (IoM) Ltd					
PO Box 178, Douglas, IoM 0624 622444					
Secure High Income	6	1.0049	1.0772		9.35
Unibank Scandinavian Fund Ltd					
23 Bucks Road, Douglas, IoM 06246 26484					
Scandinavia Fd	5	- 140.47	149.76		1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
ATC Fund Management (SG) Ltd				
SG International	$10.70			

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling stages late rally

A BUOYANT start to the dollar in London was reversed when the Federal Reserve unexpectedly added funds to the money market in the US.

Earlier reports that Boris Yeltsin, the Russian president, was to face a vote of no confidence pushed the dollar up, but the US currency slid sharply after the Fed's actions, which signalled a cut in its target funds rate to 3-¾ per cent from a previous four per cent.

The dollar slid to DM1.6255/65 from around DM1.6230/40 before the Fed's operation. It closed in London at DM1.6180.

The US currency remained easier on the yen but by no more than before the Fed added funds to the money market. Traders said there was still little interest rate differential between dollar/yen and the market was more inclined to forgive a rate cut if it helped bolster the US recovery.

Fears of repatriation of funds by Japanese investors continued to dominate yen trading. Further sharp declines in Tokyo stocks today could well see the dollar test Y132.00 and lower, traders said.

In late Asian trading the dollar slipped against the yen but remained firm against the D-mark with sales of D-mark for yen dominating. The dollar closed in Tokyo at Y132.70 and DM1.6360.

In Europe the D-mark was also hurt by investors switching into yen. The German unit ended at Pta63.38/41 down from Pta63.53/56 on Wednesday, but was fairly steady against the French franc at FFr3.3876/79 from FFr3.3872/74 the night before.

Meanwhile, many of London's trading rooms packed up early to leave traders fresh for late night and early morning business.

"We've got it all mapped out," said one trader. "It'll be a couple of pints and a curry first, then at the desk for the exit polls and all eyes on the marginals. It is going to be seat of the pants, minute by minute trading," he said.

During the day the pound staged a last minute rally. News that the Conservative party had made ground against Labour in Wednesday night's polls encouraged speculation of a Tory win.

Sterling rose against the D-mark by about a pfennig to stand above DM2.85 throughout the day after opening at DM2.8419. It closed at DM2.8575. The UK currency also picked up to Pta180.92 from its EMS floor of Pta180.59 where it has been in recent days.

● A full set of parities for the Exchange Rate Mechanism of the European Monetary System after the admission of the Portuguese escudo is published in today's FT. The table includes the rates at which central banks are committed to buy and sell every other currency in the system, together with the bilateral central rates.

See International Companies and Finance pages.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.471	-3.11	6.02	53
Portugese Escudo	178.735	175.612	-1.75	4.55	28
Belgian Franc	42.4032	42.0153	-0.91	3.67	37
Dutch Guilder	2.31643	2.29931	-0.74	3.49	29
D-Mark	2.05586	2.04194	-0.68	3.42	34
Irish Punt	0.767417	0.766854	-0.07	2.80	-3
Italian Lira	1538.24	1540.58	0.15	2.57	-14
French Franc	6.89509	6.91590	0.30	2.41	-24

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Apr 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Can. Dollar	6¼ - 6⅛	6⅝ - 6½	6⅞ - 6¾	7⅛ - 6⅞	7⅛ - 7⅛	
Dutch Guilder	9¾ - 9⅝	9⅝ - 9½	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	
Swiss Franc	7½ - 7	8 - 7½	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	
French Franc	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	10 - 9⅞	10 - 9⅞	
Italian Lira	12 - 10	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾	12½ - 12¼	
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	
Yen	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	
Danish Krone	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	
Asian $Sing	3½ - 3	3¼ - 3	3¼ - 3⅛	3½ - 3¼	4 - 3¾	
Spanish Peseta	12⅝ - 12⅛	12½ - 12¼	12½ - 12¼	12⅝ - 12⅛	12⅝ - 12⅜	

Long term Eurodollars: two years 5⅞-5¾ per cent; three years 6¼-6⅛ per cent; four years 6⅞-6¾ per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Apr 9	£	$
Iran	2508.00*	1435.00*
Korea(Sth)	1350.75 - 1372.55	773.70 - 782.90
Kuwait	0.51400 - 0.51500	0.28400 - 0.28450
Luxembourg	59.40 - 59.50	33.60 - 33.70
Malaysia	4.4485 - 4.4600	2.5480 - 2.5500
Mexico	5278.35 - 5290.15	3077.50 - 3079.50
N Zealand	3.2100 - 3.2145	1.8365 - 1.8390
Saudi Ar	6.4925 - 6.5695	3.7495 - 3.7505
Singapore	2.8835 - 2.8905	1.6520 - 1.6540
S Af (Cm)	5.0230 - 5.0375	2.8750 - 2.8765
S Af (Fn)	5.9565 - 6.0595	3.4075 - 3.4665
Taiwan	43.70 - 44.30	25.20 - 25.30
U.A.E.	6.3670 - 6.4340	3.6715 - 3.6735

*Floating rate. Iran Official rate:£115 20 $66 70

EXCHANGE CROSS RATES

Apr.9	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.767	2.858	233.5	9.698	2.625	3.225	2162	2.101	59.45	1.401
$	0.566	1	1.617	132.1	5.488	1.486	1.825	1224	1.189	33.64	0.793
DM	0.350	0.618	1	81.70	3.393	0.918	1.128	756.5	0.735	20.80	0.490
YEN	4.283	7.567	12.24	1000.	41.53	11.24	13.81	9259	8.998	254.6	6.000
F Fr.	1.031	1.822	2.947	240.8	10.	2.707	3.325	2229	2.166	61.30	1.445
S Fr.	0.381	0.673	1.089	88.95	3.694	1	1.229	823.6	0.800	22.65	0.534
N Fl.	0.310	0.548	0.886	72.40	3.007	0.814	1	670.4	0.651	18.43	0.434
Lira	0.463	0.817	1.322	108.0	4.486	1.214	1.492	1000.	0.972	27.50	0.648
C$	0.476	0.841	1.360	111.1	4.616	1.249	1.535	1029	1	28.30	0.667
B Fr.	1.682	2.972	4.807	392.8	16.31	4.415	5.425	3637	3.534	100.	2.357
Ecu	0.714	1.261	2.040	166.7	6.922	1.874	2.302	1543	1.500	42.43	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
105	2.95	-	-	0.03	0.21	-
106	2.03	-	-	0.10	0.39	-
107	1.19	-	-	0.23	0.63	-
108	0.52	1.11	-	0.59	-	-
109	0.20	0.72	-	1.23	-	-
110	0.06	0.40	-	-	-	-
111	0.02	0.22	-	-	-	-
Open Int	130,118	35,722	5,150	99,589	22,559	2,580

Estimated volume 24,073 Total Open Interest 295,718

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Jun	91.88	91.98	91.83	91.92
Sep	92.28	92.37	92.24	92.32
Dec	92.57	92.63	92.55	92.60
Mar	92.90	92.90	92.88	92.89

Estimated volume 11723 (12292)
Previous day's open int. 41604 (43301)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Jun	2476.0	2480.0	2425.0	2428.0
Sep	2512.0			2463.0
Dec	2542.0			2493.0

Estimated volume 9753 (9286)
Previous day's open int. 36113 (34996)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Jun	1153.0			1155.0
N				
A				

Estimated volume 0 (0)
Previous day's open int. 18 (18)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7665	1.7572	1.7385	1.7118	1.6690

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bank	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Short sterling rises

A smattering of optimism on a sunny election day helped push rates down in generally thin trading.

Interbank Rates eased over the day on a stronger pound and the belief among some traders that a late gain for the Conservative Party in the opinion polls on Wednesday night had improved their chances for snatching victory.

However, Mr Nick Parsons, head of the treasury advisory group at Canadian Imperial Bank of Commerce said the movement was driven by people who had left themselves short on sterling as much as by sentiment or rumour.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Mr Parsons feared sterling had crept too high. "The great danger is that it has now gone too far. I see very little upside for sterling on the return of a Conservative majority, but at least 3-4 pfennigs on the downside on Labour or a hung parliament," he said.

The key three-month interbank rate remained down on last week's high of 11.5 per cent at 10⅞-¾.

The June sterling contract opened seven basis points higher after yesterday's gains, at 89.21 before pushing ahead in early trade to reach a high of 89.30. Volumes dwindled over the day and the contract closed at 89.24

The general sentiment in the markets appears to be that a unilateral devaluation of sterling has been ruled out regardless of the outcome of the election. But the interest rate risk has not necessarily diminished, many dealers declared, despite the backtracking from last week's levels.

The Bank of England continued to foster inexpensive funding. Its forecast shortage in the morning was £100m. The overnight rate notched up to 8½-¼ per cent when the Bank did not operate at midday. In the early afternoon the Bank took out the shortage by purchasing £100m of band-1 bank bills at the established intervention rate of 10⅜ per cent. The overnight rate closed at 10⅞-⅛ per cent.

● The Federal Reserve added temporary reserves to the banking system through overnight system repurchase agreements, signalling an ease in credit policy, economists said. Funds traded at 3-⅞ per cent at the time of the Fed's operation. The Fed's presumed federal funds rate target had been four per cent and economists said the reserve addition probably pointed to a new target of 3-¾ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr 9) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4¼	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

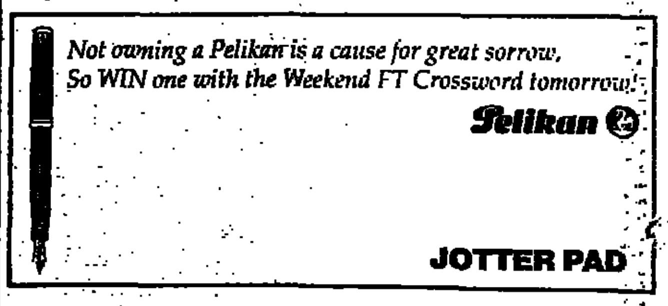
MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

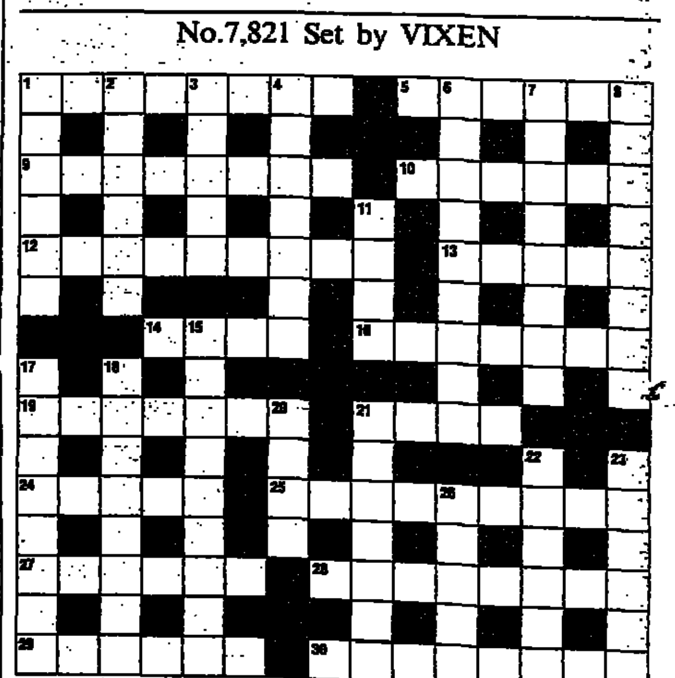
Money Market Trust Funds

Money Market Bank Accounts



CROSSWORD

No.7,821 Set by VIXEN



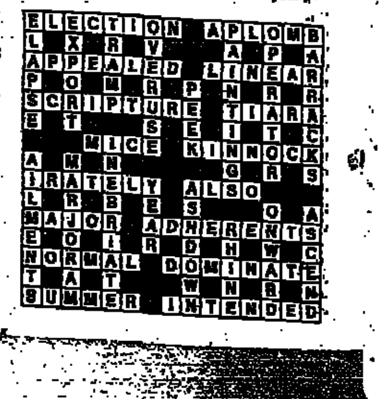
ACROSS

1 Finished in a frenzy – really unpleasant (8)
5 Taking a break in work, returning quickly (6)
9 Young man serving in forces carries on (8)
10 Very big and lean on the Continent (6)
12 Make a song about subordinate being cutting (9)
13 When one is upset a row can result (5)
14 Bluff about stuff that's worn (4)
16 He may well be called on to bridge the gap (7)
19 Means of transport for the person unconscious of progress (7)
21 A troublesome creature many support (4)
24 A woman getting behind is put out (5)
25 Material for building craft – housing with style (9)
27 The endless 20 occasions childish complaint (6)
28 Forceful macho guys interrupting judge (8)
29 Live in if the fare's ideal (6)
30 The flight made pets ill (8)

DOWN

1 Wood and stone's used in some measure (6)
2 With a certain hesitation store valuable fur (6)
3 Duck when the dunderhead playboy appears! (5)
4 Trying to understand the top man (7)
6 New car seen – no vibration (9)
7 Definite cure? (8)
8 Act up over a number in the pits getting what's left (8)
11 Very old silver presented to a leading journalist (4)
15 Put down the newspapers to cut the long grass (9)
17 A person offering help as a member of the family (8)
18 Poles involved in rescue making reproaches (8)
20 A type of grass fly (4)
21 Investigate after cheat causes a flight (7)
22 Stick with present company (6)
23 Pay for a seat (6)
26 To cook meat's tricky (5)

Solution to Puzzle No.7,820



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices April 9

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
3100	Abitibi Pr r	$14¾	14¼	14½	+¼
7000	AgnicoEa x	465	455	465	+5
70900	Air Cda	$6⅞	d6	6⅛	+⅛
79300	Albrta En	$10¼	10	10⅛	
200	AlbNtGas	$13¾	13¾	13¾	
369300	Alcan Al	$23	22⅞	22⅞	+⅛
174700	Am Barr	$29⅛	d28	29⅛	+1
900	Atco Cl 1	$11⅜	11⅜	11⅜	
157800	Bk Montr'l	$43	42	43	+½
335700	Bk Nova Sc	$19⅞	19½	19⅞	+½
2700	BC Sugar A	$9⅝	9⅝	9⅝	+⅛
396800	BCE Inc	$45½	45	45¾	+⅛
1000	Belmoral	12½	12½	13	
10400	BGR A	$5⅞	d5¼	5¾	−⅛
253800	Bomb'dierB	$15½	d14¼	14¾	−⅞
300	Bow Valley	$11	10¾	10¾	
1600	BP Canada	$12⅞	12¾	12¾	
49800	Bramalea	330	d325	330	
38000	Brascan A	$16½	16½	16⅞	−⅛
204000	Breakwater	70	61	68	+9
12600	BC Tel	$21½	21¼	21¼	
4900	Bruncor	$19⅛	19	19⅛	
1100	Brunswick	$7¼	d7	7¼	
559200	CAE Ind	$6⅛	d6	6⅛	
6700	Cambior	$7¼	7⅛	7⅛	−⅛
7700	Cambridge x	$17¾	d17½	17⅝	−⅛
82800	Cameco	$16⅛	16	16	−⅛
100	C'bell Res	46	46	46	
218100	CanImpBk	$28¼	27¾	28⅛	+¼
800	Can Occid	$24½	24½	24½	
91200	Can Pac	$16¾	16⅜	16¾	+⅛
100	Can Tire	$20⅝	20⅝	20⅝	
103300	CanTire A	$18⅛	18	18⅛	+¼
3000	Can Util A	$19⅞	19¼	19¼	
1000	Can Util B	$19⅞	19⅞	19⅞	
200	Canamax	33	d33	33	
6700	Cantor	$26	25½	25½	−1
4500	CnPcForest	$24¼	d24¼	24¾	
18500	Cara Op	$5⅛	5⅛	5⅛	+⅛
9900	Cascades	$7¼	7⅛	7¼	
200	Celanese	$46	45¾	45¾	
600	Cntrl Cap	30	30	28	
3400	Cinepx Odn	385	355	355	−10
4500	Cmrl Fd A	445	440	440	−5
110700	Cominco	$19⅞	19½	19⅞	+⅜
20000	Computalog	62	62	62	
163500	Corel Sys	$15½	d14¾	15½	−¼
13500	CoscanDev	$7⅝	7½	7⅝	
24000	CrownX A	128	125	127	+8
4200	Denison A	26	26	28	
1330	Dorlan	$5⅞	5⅞	5⅞	+⅛
20400	Dofasco	$15⅝	15⅜	15⅝	+⅜
3300	Domme Tx	$8⅝	8½	8⅜	−⅛
61600	Domtar Inc	$6½	6½	6½	+⅛
2200	Du Pnt A r	$46½	46½	46½	+¼
4600	DundeeBncA	250	235	250	+15
52100	Echo Bay M	$7¼	7	7⅛	+⅛
400	Emco Ltd	$8	8	8	
4200	Empire x	$12½	12½	12½	
42100	Euro Nev	$15	d14¾	14⅞	
5200	FPI Ltd	410	d400	400	
32300	Fahnstk Vnr	$10¼	9¾	10¼	+½
7100	Finning	$13⅞	13	13	
1000	Fst Mara A	$11¼	d10⅝	10⅞	−⅜
2100	Fortis	$21⅞	21¾	21⅞	+⅜
100	Four Seasn	$19½	19½	19½	
1000	FrancoNev	$23½	23½	23¾	
60800	Galactic	23	19	20	
700	Gendis A	$20½	d20½	20½	
3200	Glamis Gld	355	355	355	
1600	Granges	105	105	105	+2
1000	GtW Lifeco	$14¼	14¼	14¼	
151300	Gulf Cda R	$7⅛	6⅝	7	+¼
3200	GW Utils x	$8	7⅞	7⅞	−⅛
1500	HarrisSt A	$7¼	7¼	7¼	+¼
100	Hawker Sid	$25	25	25	
21700	Hees Intl	$15½	15⅜	15⅜	−⅛
21700	Hemlo Gold	$8¾	8¼	8¼	+⅛
6000	Hollinger	$11½	d11¼	11¼	
139000	Home Oil	$16	15¾	15⅞	−¼
120600	Horsham	$8¾	d8⅜	8¾	
200	HudsBayM&S	$6½	6½	6½	
9500	HudsonsBay x	$29¼	d28½	29¼	+½
9100	Imasco	$35¼	35¼	35⅛	+⅜
92200	Imp Oil	$40	39⅞	39¾	+¼
94200	Inco	$33⅛	32¾	33⅛	+¼
63100	Int Corona	440	430	440	+5
30700	IntprvPipe	$24⅞	24⅞	24⅞	
39100	Invest Grp	$26½	26	26	
4100	Ivaco A	315	315	315	
1000	Jannock	$15⅜	d15¾	16¼	−⅛
100	KerrAddis	$16	16	16	
12900	Labatt	$24½	24⅜	24½	
88200	Lac Mnls x	$7½	d6⅞	7⅛	+⅛
2000	Lafarge	$17½	17⅛	17⅛	
15400	Laidlaw A	$11¼	11	11¼	+¼
321500	Laidlaw B	$11¼	10⅞	11⅛	+⅛
1000	Laurnt Bk x	$19½	19½	19½	
500	Laurent Gp	$6	6	6	
2500	Lawson Mar	$8¾	8¾	8¾	
15300	Loblaw	$18	17⅝	18	+⅛
12400	Mackenzie	$6	5¾	5¾	
37800	Macm Bl	$17⅜	d17⅛	17¼	−⅛
77100	Magna IntA	$29⅛	27⅞	29⅛	+1½
35500	Mpl Lf Fds	$16¼	d16⅜	16½	−¼
1000	Mark T&T	$20½	d20⅜	20½	+⅛
1200	Mark Res	$5¼	5¼	5¼	−¼
600	MDS Hth B x	$19½	19½	19½	−¼
1300	Metall Min	$12½	12⅛	12½	
300	Minnova	$16½	16½	16½	
26700	Mitel Corp	147	144	144	−1
5000	Molson A	$33⅝	33⅛	33½	−⅛
60800	Moore Corp	$24⅜	23¾	24⅜	+¼
500	Muscocho	6½	6½	6	
179600	Nat Bk Can	$9¼	d8⅞	9⅛	
10700	Noma Ind A	$6⅜	6¼	6⅜	+⅛
4700	NorandaFor	$8¼	d7⅞	7⅞	−¼
16400	Noranda	$17⅛	16⅝	17	+⅜
1000	Norcn8 12	$22	22	21⅞	
4500	NorcnMVtg	$19⅝	19⅝	19⅝	+⅛
104700	Nth Tele	$52¾	51¾	52⅛	+¼
100	Northgate	75	d75	80	
78700	Nova Corp	$7½	7¼	7⅜	+⅛
9000	Nowsco WSv	$8¼	8¼	8¼	
1000	Numac Oil	$5⅛	5⅛	5⅛	
74000	Ocelot A	$13⅞	13⅝	13¾	
25400	Oser Corp x	$7⅛	7	7⅛	+⅛
106300	Oshawa A	$18¼	17¼	18¼	+¼
126800	PWA Corp	490	480	480	
13900	Pegurian A	450	d440	440	−5
2800	Pancdn Pet	$24½	24⅛	24½	+½
5200	Pegasus	$14⅜	14¼	14⅜	+¼
17000	Pioneer Mt	19	19	19	
229400	PlacerDome	$11¼	10⅞	11¼	+¼
6400	Poco Pet	480	d475	475	
33200	Power Corp	$14¾	14½	14⅝	+½
4900	Power Fin	$19½	19¼	19½	+¼
3300	Provigo	$8¼	d8	8	
2100	Quebecor A	$12¾	d12¾	12¾	
121000	Ranger Oil	$8¾	8½	8⅝	
7500	Rayrock	$5¾	5⅝	5⅝	−⅛
100	Reed Sten	$22	d22	22	
3300	Reitman S	$18¼	18¼	18¼	
64400	Ren'ssance	$13⅝	13½	13⅝	+⅛
41400	Repap Ent	430	d425	425	−5
3800	Rio Algom	$17¾	17⅝	17⅝	−⅛
165700	RogersComB	$12¼	11⅞	12¼	+¼
500	Rothmans	$94	94	94	
291700	RoyalBkCan	$23⅝	22⅞	23½	+¼
19200	Ryl Oak Mn	179	174	174	+1
57300	RylTrustco	$8	7¾	8	+¼
200	StLawrCm A x	$11½	11½	11½	
18700	Sceptre Rs	72	68	72	+2
200	ScotPaper x	$18¼	d18¼	18¼	
8500	Scotts Hos	$15	14⅞	14⅞	−⅛
12700	Seagram Co	$138½	134¾	137¼	+1½
1200	Sears Can	$9⅞	9¼	9¼	−¼
3500	ShellCan A	$45	44½	45	+½
28500	Sherritt G	$8½	8⅜	8⅜	+⅛
82600	SHL Syst	$15¾	15½	15⅝	+⅛
800	SNC Group	$12½	12	12½	
17500	Sonora Gld	15	14	14	
11600	Southam	$18¾	18⅝	18⅝	−⅛
15300	Spar Aero	$18	17¾	18	
6800	Stelco A	500	485	500	+6
68900	Teck B	$17¼	16⅞	17¼	+¼
45800	Teleglobe	$12¾	12⅛	12¾	+⅜
123600	Thomson	$16⅛	d15½	16	+¼
683700	Tor Dom Bk	$16¾	16¼	16⅝	+⅛
1500	Torstar B	$22⅞	22¾	22⅞	+⅛
1000	TotalPNAm	$9¾	d9¾	9¾	
171200	TransAlta	$12½	12⅜	12½	+⅛
634500	Transcan P	$16⅝	16⅛	16¼	+⅛
1200	Trimac	$8⅛	8⅛	8	
24600	Trizec A	$7	6¾	7	+⅛
900	UAP A	$17⅛	17⅛	17⅛	
400	UnionEnt	$14¾	14¾	14¾	
1400	UnitedCorp	$26¾	26¼	26¼	−¼
1300	UtdDomInd	$11¼	11	11	−¼
18000	Viceroy Rs	435	420	435	+10
5800	W'coast E	$17¼	17⅛	17⅛	−⅛
42800	Weston Geo	$35½	d35½	35	−½
1700	WIC B	$14½	14½	14½	

f - No voting rights or restricted voting rights

MONTREAL

3:00 pm prices April 9

Sales	Stock	High	Low	Close	Chng
178100	BombrdierB	$15½	d14⅝	14¾	−⅞
3800	Cambior	$7¼	7⅛	7¼	+¼
73700	CanImp Bk	$28¼	27¾	28¼	+¼
2500	CanMarconi	$15¼	d15	15	
33500	Cascades	$7¼	7⅛	7¼	+⅛
7400	DominTxt A	$8¾	8½	8⅝	−⅛
14000	MacmBl x	$11¾	11¾	11¾	+⅛
450800	NatBk Can	$9⅛	d8⅞	9⅛	
1400	Provigo	$8¼	8⅛	8¼	+⅛
2700	Quebecor A	$12¾	d12⅝	12⅝	
222300	Teleglobe	$12¼	12⅛	12¼	+¼
12900	Videotron	$16⅞	16	16¼	+¼

Total Sales 10,275,300 shares

INDICES

NEW YORK DOW JONES

	Apr 8	Apr 7	Apr 6	Apr 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3181.35	3213.55	3275.49	3249.11	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.97	99.06	98.93	98.77	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1301.57	1312.22	1363.33	1348.22	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	200.74	202.30	203.49	203.99	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3221.38 (3291.59) Low 3141.77 (3207.51)

STANDARD AND POOR'S

	Apr 8	Apr 7	Apr 6	Apr 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	394.50	398.06	405.59	401.55	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	470.91	474.78	484.34	479.14	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	32.40	32.88	33.60	33.09	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	217.92	220.00	223.79	221.86	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	380.90	385.38	391.57	389.22	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	573.68	581.61	596.29	590.01	644.92 (12/2)	573.68 (8/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 3	Mar 27	Mar 20	year ago (approx.)
Dow Industrial Div. Yield	2.85	2.86	2.80	3.38

	Apr 1	Mar 25	Mar 18	year ago (approx.)
S & P Industrial div. yield	2.64	2.62	2.61	2.88
S & P Indl. P/E ratio	28.56	28.78	28.91	17.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Telefonos	3,888,700	55¼	+ ⅞
Am T & T	3,748,400	40¾	- 1¼
Glaxo	3,532,400	26½	+ ¼
IBM	3,016,900	84⅞	+ 2½
Chemical Bank	2,998,100	29½	- 1¼
General Motors	2,552,800	37⅝	- ¼
RJR Nabisco	2,505,500	9¼	- ⅛
Wal-Mart	2,478,700	51¼	- ⅜
Philip Morris	2,368,600	75⅜	- ¼
Adv Micro	2,363,900	17⅝	.....

TRADING ACTIVITY

† Volume (Millions)	Apr 8	Apr 7	Apr 6
New York SE	249.210	205.110	179.330
Amex	15.959	14.285	12.818
NASDAQ	243.470	210.065	153.122
NYSE			
Issues Traded	2,223	2,236	2,223
Rises	412	424	1,038
Falls	1,394	1,382	680
Unchanged	417	430	505
New Highs	10	18	28
New Lows	92	47	40

CANADA

TORONTO	Apr 8	Apr 7	Apr 6	Apr 3	1992 HIGH	1992 LOW
Metals & Minerals	2828.26	2841.65	2875.32	2866.13	3238.87 (16/1)	2828.26 (8/4)
Composite	3318.10	3336.61	3385.95	3385.50	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1727.04	1728.21	1760.00	1762.91	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation (c) Closed. (u) Unavailable.

	Apr 9	Apr 8	Apr 7	Apr 6	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1545.3	1554.3	1583.7	1576.7	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	676.1	680.1	695.6	692.8	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	396.27	404.80	415.18	412.85	685.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	940.36	961.66	989.39	980.68	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1165.61	1174.45	1188.27	1184.65	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	326.35	328.37	330.49	330.08	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	778.3	790.8	804.2	806.9	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	523.57	530.22	535.71	531.39	535.71 (7/4)	475.53 (2/1)
CAC 40 (31/12/87)	1943.64	1907.48	1975.38	1974.77	1993.88 (10/3)	1749.92 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	698.65	702.06	711.49	706.02	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1969.0	1980.3	2007.4	1993.2	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1720.25	1720.01	1739.42	1734.62	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4729.39	4827.58	4926.43	4896.90	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1372.98	1373.02	1375.80	1367.44	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	496.23	496.74	503.40	511.59	551.59 (6/2)	496.23 (9/4)
MIB General (2/1/92)	977.0	978.0	991.0	1008.0	1087.00 (6/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	16598.15	17175.53	17791.55	18436.37	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1196.19	1219.88	1279.57	1324.61	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1910.56	1937.18	1986.43	2000.81	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	563.69	573.61	(c)	(c)	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tl Rtn Gen (End 1983)	291.9	292.4	295.5	293.9	295.50 (7/4)	274.00 (8/1)
CBS All Shr (End 1983)	204.9	205.3	207.5	206.4	4379.00 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	688.74	696.93	704.40	698.53	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1135.99	1139.82	1131.43	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	370.13	372.81	377.33	(c)	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1038.04	1031.0	1056.0	(c)	1327.00 (21/1)	1031.00 (9/4)
JSE Industrial (28/9/78)	4199.04	4223.0	4319.0	(c)	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	575.98	572.97	579.09	590.02	691.48 (8/2)	572.97 (8/4)
SPAIN						
Madrid SE (30/12/85)	246.31	246.07†	248.92	248.87	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	961.0	969.2	986.5	988.2	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind (31/12/58)	809.0	808.0	816.9	814.7	818.00 (26/3)	748.50 (8/1)
SBC General (1/4/87)	638.1	637.5	644.7	642.3	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4528.05	4652.46	4613.74	4652.10	5391.63 (30/1)	4528.05 (9/4)
THAILAND						
Bangok SET (30/4/75)	812.35	828.91	832.39	(c)	832.39 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	466.1°	467.5	475.3	483.2	542.10 (7/1)	466.10 (9/4)
Euro Top-100 (26/6/90)	908.20	902.03	914.55	914.83	943.20 (3/3)	870.31 (2/1)

**Saturday April 4: Taiwan Weighted Price: (c) Korea Comp Ex 589.83.
‡ Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, and DAX—1,000. JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500. (c) Closed. (u) Unavailable. † Corrected figure.

TOKYO - Most Active Stocks

Thursday 9 April 1992

	Stocks Traded	Closing Prices	Change on day
Nippon Carbon	5.8	458	-100
TEAC	5.4	875	+20
Clarion	5.0	523	-100
Nippon Steel	4.8	280	-11
Hitachi	4.5	772	+1
NKK	3.8	250	-10
Hitachi Zosen	3.4	471	-26
Sumitomo Bank	3.4	1,140	-20
Meiji Milk Prod	3.3	665	-35
Nomura Secur	3.2	1,130	-20

3:00 pm prices April 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅝	12¼	AAR Corp	0.48	3.5	16	65	13⅝	13½	13⅝	-⅛
26	20⅝	A L Labs A	0.18	0.8	109	230	23⅛	22½	23	+½
68¼	56	AMP Inc	1.52	2.6	23	2689	58¾	57¾	58¼	+⅝
80¼	67⅛	AMR				246784	72⅛	69¼	71⅞	+3⅛
2⅛	1⅞	ARX			2	77	2⅛	2	2⅛	+⅛
53½	43⅛	ASA	2.75	6.2	12	602	44	43⅝	44	+⅞
68⅜	58¾	Abbott Lab x	1.20	1.9	25	10404	64½	61⅞	63¾	+1⅝
13⅞	12⅛	Abitibi Pr x	0.43	3.5	12	15	12⅜	12⅜	12⅜	-⅛
11⅝	10⅛	ACM Gvt In x	0.96	9.4		208	10⅜	d10⅛	10¼	
10⅞	9⅛	ACM GvOpp x	0.80	8.6		246	9⅜	9¼	9¼	
9½	8½	ACM Gvt Sp x	0.80	9.3		87	8⅝	d8½	8⅝	
11¼	10⅛	ACM Gvt Se	0.96	9.4		213	10¼	d10⅛	10¼	
9⅜	8⅝	ACM Man x	0.95	10.8		145	8⅞	8¾	8¾	-⅛
12⅞	10⅞	ACM Mangd x	1.09	9.9		63	10⅞	d10⅞	10⅞	
11¼	7	Acme Cleve	0.40	4.6	16	84	8¾	8⅜	8⅝	+⅛
6¼	4½	Acme Elect			4	13	6	5⅞	6	+¼
33¼	18⅞	Acuson			12	899	20¼	19¾	20¼	+½
19½	18⅛	Adams Expr	0.48	2.6	0	94	18¼	d18⅛	18¼	
15½	13	Adobe12Pf	2.40	16.6		14	14½	14½	14½	
5¾	4½	Adobe Res			2	16	5¼	5	5	-⅛
49⅛	40½	Ad Micro	3.00	7.0		81	43¼	43	43	-⅛
21½	16½	Ad Micro P	3.00	17.8	11	10143	17¼	16⅞	16⅞	-⅝
9⅛	5	Advest Grp	0.16	2.4	27	28	6⅝	6½	6⅝	
71¾	67⅛	Aegon ADR	1.50	2.2	6	7	69¼	68⅞	69¼	
47	38	Aetna Lf	2.76	6.6		92642	42	41⅝	41⅞	+⅛
12	8⅜	AHI A	0.24	2.4	72	1240	10¼	9⅝	10⅛	+½
32⅞	24⅛	Aflac	0.40	1.5	14	3085	26¼	25⅛	26	+⅞

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
78⅛	60½	Sallie Mae	1.00	1.5	18	5578	67¼	63⅛	66½	+1
14¼	13	Salomon Br	1.61	12.0		687	13½	13⅛	13⅛	+⅛
32½	26¾	Salomonine	0.64	2.3	7	3254	28½	27	28¼	+1¼
45⅜	42⅞	SanDgo G&E	2.88	6.8	12	277	42½	d42¼	42⅜	−⅛
3⅞	2⅞	SantaFeEDu	0.40	14.5	22	8	2⅞	2¾	2¾	
9¼	7	SantaFeERs	0.16	1.9	28	834	8⅝	8⅜	8½	
36⅝	30¾	SantaFePac	2.76	8.8	10	76	31¼	30⅞	31⅛	+¼
14⅛	11	SantaFeSm			21	1837	11⅞	11¼	11¾	+⅜
57	48⅝	Sara Lee	1.00	2.0	17	2224	50	49	49¾	+¾
9½	1⅞	Savin			0	21	2⅞	2¾	2¾	
3¼	⅞	Savin 0.80	0.80	71.1		21	1⅛	1⅛	1⅛	
44⅜	38⅞	Scana Corp	2.88	6.9	11	656	39	d38⅞	38⅞	+⅛
47⅜	40¼	Seecorp x	2.72	6.6	12	2567	41	40½	41	+⅜
66	53⅝	ScheringPl	1.32	2.4	18	4378	55⅝	54⅜	55⅛	+⅝
64¾	52¼	Sch'berger	1.20	2.1	16	5333	57½	56	57	+⅜
37¼	27⅞	Schwab(C)	0.24	0.8	24	1826	30½	28⅞	30½	+1⅝
9⅛	6¼	Schwitzer			36	82	8⅜	8⅛	8⅜	
19¾	15¾	ScientAtln	0.16	1.0	109	189	16½	15⅞	16⅜	+⅝
8½	7⅛	Scotman	0.10	1.2	11	9	8¼	8⅛	8⅛	
44½	34½	ScottPaper	0.80	2.0	25	1772	40¼	39	39¾	+⅞
15⅞	13⅝	ScuddrNAsF	0.18	1.2		136	15½	14⅞	15⅛	+⅛
9¼	8⅛	ScuddrNEuF	0.30	3.5		197	8⅝	8½	8⅝	+⅛
24	16	Sea Cont	0.70	4.1	8	742	17	16⅞	17	+⅞
15⅝	14⅞	SeaC1.4625	1.46	9.7		47	15	15	15	−¼
123½	109½	Seagram Co	2.00	1.7	15	369	116¼	114	115⅞	+1⅝
25½	21⅝	Seagull En			53	88	24⅛	23¾	23⅞	−⅜
18	12⅛	SPX Corp	0.40	2.4	11	61	16⅞	15⅞	16⅜	+⅝
56⅞	44⅞	Sealed Air			28	45	50⅛	49⅞	49¾	+⅝
47⅞	37	Sears Roeb	2.00	4.4	13	7283	45⅝	44⅞	45¼	+⅝
40⅞	28⅞	Sec Pac	1.52	4.3		53403	36⅛	33⅞	35⅜	+1⅞
12½	12	Seligm Sel	0.84	7.0		78	12⅛	d12	12	−⅛
[illegible]										

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38⅞	30⅞	TelefEspSA	1.44	4.5		62600	31⅞	31	31¾	[illegible]
60	45⅛	Telmex ADR				1026	55⅝	54	54⅝	[illegible]
57½	50	Templetnl	0.96	1.8	20	1604	53⅛	51⅞	52⅞	[illegible]
24	21	TempltEmMk	3.90	18.1		226	21½	21⅛	21½	[illegible]
9¾	8⅞	TempltGlob	0.84	9.2		31	9¼	9⅛	9⅛	[illegible]
9⅞	8⅞	TemplGIFd x	0.84	9.3		1839	9	d8⅞	9	[illegible]
40⅞	31¼	Tenneco Inc	1.60	4.4		61439	36½	36¼	36¼	[illegible]
21⅝	19½	Teppco Ptn	2.20	10.4	15	89	21⅛	20¾	21⅛	[illegible]
20⅜	13⅞	Teradyne			25	729	15⅛	14¾	15	[illegible]
18½	12¾	Terex	0.06	0.4	4	120	15⅞	15	15	[illegible]
6⅝	4⅝	Tesoro Pet			6	2	4⅞	4⅞	5	[illegible]
63⅞	56¼	Texaco	3.20	5.6	12	8511	60	57⅝	57⅝	[illegible]
54½	52	Texaco C	3.73	7.1		2100	52½	52½	52¼	[illegible]
22	19½	Texas Ind	0.20	1.0	88	60	20¼	20	20	[illegible]
40½	30	Texas Inst x	0.72	2.2	11	1780	33⅞	31¾	32⅞	[illegible]
23¼	18¾	Texas Pac	0.40	1.9	31	12	20⅝	20½	20⅝	[illegible]
42	37	Texas Util	3.04	8.0	19	4500	37¾	37¼	37¾	[illegible]
10¼	9⅞	Textl Pf	1.10	10.9		10	10	10	10⅛	[illegible]
8½	4⅞	Textl Inds	1.10	13.1	5	157	8⅞	7⅞	8⅜	[illegible]
38⅞	33⅝	Textron	1.12	3.3	9	493	34⅛	d33⅝	33⅞	[illegible]
6⅛	4¾	Thackeray			20	10	5	5	5	[illegible]
9⅜	8⅝	Thai Cap				100	8⅝	8½	8⅝	[illegible]
18⅞	14⅛	Thai Fund	2.72	18.8		284	15	d13⅞	14½	[illegible]
47½	37⅞	ThermoElec			20	306	40¾	40¼	40½	[illegible]
17½	13¾	Thiokol	0.36	2.6	4	1824	14⅝	14	14	[illegible]
65¾	55¼	Thomas & B	2.24	3.7	21	249	60⅛	59½	60⅛	[illegible]
14⅛	10½	Thomas Ind	0.40	3.7	28	14	10¾	d10½	10¾	[illegible]
19½	15½	Thomson Ad	1.82	11.3	8	105	16¼	15¾	16⅛	[illegible]
14½	11⅞	Tidewater			11	408	12⅝	12⅞	12⅝	[illegible]
52⅞	42	Tiffany	0.28	0.6	23	888	45⅞	44⅞	45⅞	[illegible]
50½	45¼	TimeWrn4.75	4.38	9.0		607	48⅞	48	48⅞	[illegible]
[illegible]										

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
6¾	4⅜	Windmere			9	104	5¾	5⅝	5⅝	
44⅝	35¾	WinnDixie x	1.20	2.8	18	386	42⅛	40⅛	42¼	+2
6¼	3⅝	Winnebago			11	44	4¼	4¼	4¼	
39⅜	35⅛	WiscEnergy	1.86	5.0	13	652	37¼	36⅝	37⅛	+½
28⅝	26⅛	WiscPubSv	1.70	6.2	12	218	27½	27⅛	27⅛	−⅛
49⅜	40	Witco Corp	1.84	3.9	14	197	47⅝	47⅛	47⅛	+⅛
14	10	Wolverine x	0.16	1.3	8	120	12⅞	12⅝	12⅝	−⅛
32¾	26¾	Woolworth	1.08	3.8	18	2600	29½	28⅝	28⅝	−⅞
13⅞	12½	World Wide	0.84	6.6		31	12⅞	12¾	12¾	−⅛
12⅝	9⅞	Worldcorp			14	16	10⅛	10	10	
86⅛	66½	Wrigley x	1.00	1.5	20	229	68⅜	d66⅞	68⅜	+1⅞
16½	12⅛	Wyle Labor x	0.28	1.8	15	104	15⅛	15	15⅛	−¼
20¼	16⅛	Wynns Int	0.60	3.2	18	32	18¾	18½	18½	

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	66½	Xerox	3.00	4.1	18	2535	73¾	71¼	73⅝	+2⅛
53½	50½	Xerox4 125				260	52½	52⅛	52½	
28½	24⅞	Xtra 1.94	1.94	7.3		53	26⅝	26½	26⅝	+⅛
37	28½	Xtra Corp	0.80	2.4	14	65	34	33½	34	+⅜
27	25¼	Yankee Egy	1.60	6.0	12	21	26⅝	26½	26½	−⅛
1½	½	Zapata			28	74	1¼	1⅛	1⅛	−⅛
11⅛	7¼	ZenithElec			4	543	8⅞	8½	8¾	+⅛
17¼	14½	Zenith Nat	1.00	6.3	6	21	15¾	15¾	15¾	−¼
6¾	6	Zenix Inc	0.85	12.6		67	u6¾	6⅝	6¾	+⅛
13¾	11⅛	Zero Corp	0.40	3.3	18	113	12¼	11⅞	12¼	+¼
38	33⅛	Zurn Ind	0.88	2.7	14	253	33⅝	d32¾	32⅞	−⅝
14⅞	12⅞	Zweig Fund x	1.16	8.9		218	13	d12¾	13	+¼
11	9⅞	Zweig Totl x	1.00	9.7		261	10½	10⅜	10⅜	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices April 9

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							
Glatfltr x	1.20	16	22	54⅞	54½	54⅝	
Goldfield		2	119				
Greenman		7	19	5⅞	5¼	5¼	
GRI Corp		1	54				
Gulf Cda	0.35	10	382	5⅞	5⅝	5⅞	+⅛
NthCanOil	0.18	40	17	9⅛	9	9	−⅛
Numac O&G		2	67	4⅜	4⅜	4⅜	
NV Ryan		0	884				+⅛
Odetics A		38	z100	5½	5½	5½	
WIRET	1.20	14	49	12⅞	12⅜	12⅞	
Wortlen x		9	23	20¼	20	20⅛	
Xytronix		15	184	11⅞	11⅛	11⅜	

NASDAQ NATIONAL MARKET

3:00 pm prices April 9

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							
Valmont	0.26	66	86	11½	10½	11¼	
Value Mch		34	3201	35¼	34¾	35¼	
Vngrd Cell		19	96	29	28¼	28¾	
Vencor		87	1765	38½	36¼	37¾	
Verifone		26	1776	22¼	20½	22	+1¼
Vicor		39	1510	22¼	21¼	22	+⅞
VicorpRst		14	164	24¼	23½	23½	−¾
Vitalink		16	33	10⅜	10¼	10¼	
VLSI Tech		23	3359	9	8½	8¾	+¼
Volvo B	2.13	44	5	71¼	70	71	+¾

- W -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Warner En	0.16	17	683	31¼	29¾	30½	+¼
Warmtech		70	211	2 13/16	2 11/16	2 13/16	+1/16
WashMutSB	0.66	8	1945	21⅝	21⅛	21½	+¼
WshEnergy	1.40	15	165	22	21½	21½	−½
WestFedSL x	0.80	17	724	25¼	d23½	25¼	+1¼
WatsInd A	0.28	20	159	54	51¾	52½	−½
Wausau Ppl	0.34	17	980	43	40	42½	+2½
WD-40 x	1.80	17	44	u43	41½	43	+1½
Weitek		17	828	5	4⅛	4⅞	+½
West One	1.04	12	390	37	35½	37	+1
WstnPubl		56	567	18⅜	17⅞	18	−⅛
Westmark		26	426	55¾	53½	55¼	+1¼
WestnCoal	0.32	10	23	18	17¼	17¾	+½
Wst SealA		29	30	10½	10	10¼	+¼
Wetterau	0.68	9	316	21	20¼	21	+¾
Wicat Sys		83	15008	4 11/16	4⅝	4 11/16	+1/16
Wil'mette	1.68	40	2903	72¾	70½	72⅜	+⅝
WmsSonoma		101	94	14¼	d13½	14¼	+¼
Wiser Oil	0.40	53	68	15⅛	14¾	14⅞	
Wolohan L	0.28	17	84	22⅜	22	22½	+½
Wolv Expl		0	60		¼	¼	
WlvExW93A			30				
Worthington	0.48	26	750	24	23½	23¾	+¼
WPP Group	1.11	1	835	2⅝			
Wyman-Gor	0.40	0	301	5	4⅝	4⅞	−⅛

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		26	2007	26½	23¾	25	+1¼
Xoma Corp		10	1673	18¾	17¼	18½	+⅝
Yellow Fr	0.94	29	891	28⅝	27⅜	28¼	+⅞
York Rsch		48	1013	5⅞	5⅜	5⅞	+⅝
Zenstaah v	1.44	10	19	48¼	47½	48½	+1

AMERICA

Dow boosted as Fed eases monetary policy

Wall Street

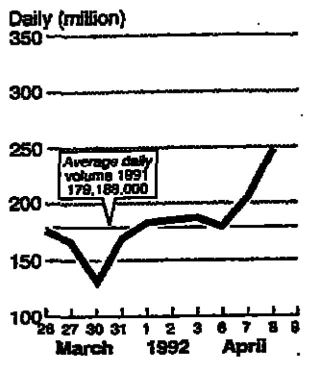
US STOCK markets rebounded from two days of heavy losses, aided by good news on inflation and an easing in monetary policy by the Federal Reserve, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 32.65 at 3,214.00, although off its highs for the morning when the index had been up 40 points. The more broadly based Standard & Poor's 500 was also firmer at midsession, up 4.81 at 399.31, while the Nasdaq composite index of over-the-counter stocks climbed 9.57 to 583.25. Turnover on the NYSE was heavy at 139m shares by 1 pm.

Prices opened firmer, but did not take off until 11.30 am, when the Fed eased, by signalling to the credit markets that it wanted the fed funds rate brought down from 4 per cent to 3¾ per cent. The Fed's action was interpreted primarily as an attempt to boost the economy. Room was made for a monetary easing by the morning's inflation figures, which showed that producer prices rose just 0.2 per cent in March, indicating that inflationary pressures remained dormant.

There were some big gains among leading stocks which bore the brunt of Tuesday and

NYSE volume



Wednesday's selling. Merck gained $3⅛ to $149⅝. General Electric rose $1¼ to $74⅛, Philip Morris firmed $⅛ at $75⅞ and Procter & Gamble rose $1¾ to $98¼.

Banking stocks, which suffered from concern about a Japanese financial crisis, recovered strongly. JP Morgan rose $2⅝ to $55, aided by an upgrade from a "hold" to a "buy" recommendation from Brown Brothers Harriman. Bankers Trust firmed $1⅞ at $52¾, Citicorp gained $⅝ at $15⅞ and Chemical put on $1 at $30½.

Retailers moved in reaction to March sales. Lower same-store sales during the month saw the Limited fall $1⅞ to $24¼ and the Gap slip $⅝ to $40. Otherwise, most were higher on stronger sales, with JC Penney rising $1⅞ to $64¼, Sears climbing $⅛ to $45⅛, Dayton Hudson firming $2¼ to $62¼ and Kmart rising $1⅞ to $51½.

Fannie Mae rose $2⅛ to $65⅛ on news of a 13 per cent increase in first quarter profits to a record $381.6m.

Canada

CUTS in the Federal Reserve's funds rate and prime rates at Canadian banks pushed Toronto stocks sharply higher at midday. The TSE 300 composite index rose 28.0 to 3,343.1. Advances led declines by 212 to 166 on volume of 17.6m shares valued at C$150.6m.

Bank shares bounced back from their recent weakness. The financial services index jumped 26.9 or 1.1 per cent to 2,599.75. Bank of Montreal rose C$⅛ to C$42¾ and Bank of Nova Scotia gained C$⅜ to C$19¾.

Rally follows president's popular move

Sally Bowen examines what has so far been a good year for Peru's stock exchange

President Alberto Fujimori's surprise dissolution of Peru's Congress on Sunday night sent a slight tremor through the stock exchange in Lima. But by midweek, confidence was returning in line with public backing for Mr Fujimori's action.

In spite of a 9 per cent fall in the general index since last Friday, trading was reaching normal levels again by Wednesday. One of the key market indicators, Banco Credito, which had lost some 19 per cent in value on Monday and Tuesday, staged a rally of 6.5 per cent on Wednesday.

Sunday night's measures, supported by the army, were aimed at the opposition, which has been attacking the government's free market reforms and placing obstacles in the way of privatisation.

"Investors and brokers alike generally support the government's action," says Mr Jose Almenara, general manager of the stock exchange. "I believe economic reforms, including the privatisation process, will now advance much faster."

While the enthusiasm of overseas investors was more muted, Baring Securities in London said its clients – all experienced in the risks involved in emerging markets – were taking a long-term view. Baring noted that foreign investors had bought some $200,000 of stocks on Tuesday and that Mr Fujimori's announcement of a plebiscite in six weeks was encouraging.

It has been a good year so far on the stock exchange: trading topped $200m in the first quarter and the daily average of nearly $3m contrasts sharply with the daily average of only $100,000 a year ago.

The general index, after consistent monthly growth of 30 per cent throughout the final quarter of 1991, leapt from 108 in January to 170 in February, before falling back some 25 points in March. Last month's dip, in advance of Sunday's measures, was attributed primarily to companies cashing in on a rising market to pay large tax bills falling due.

The market had also been disconcerted by a bungled domestic tax package announced in late February which unexpectedly imposed a 20 per cent tax on all dollar savings. While income from stocks and dividends was not

Alberto Fujimori: speeding up the economic reforms

included in the measure – issued by supreme decree and swiftly rescinded in the face of widespread protest – it probably proved an important signal from investors to the government that fledgling investor confidence is easily rocked by abrupt changes in the rules.

Investors seeking the next Latin American success story have been flocking to Lima ever since Peru, long ostracised by the international financial community for reneging on its $22bn foreign debt, was welcomed back to the fold in September. "Investors love a back-from-disaster story," says Mr Federico Laffan of Latin American Securities. "They are looking for a repeat of the kind of gain, about 300 per cent a year, made in Argentina."

So far the market's growth has focused on banking and industrial shares – the best performers have been brewers, cement manufacturers and CPT, the Lima telephone company. CPT continues to rise in anticipation of the privatisation of the state-held stake.

Another sector showing signs of activity is mining. The industry is Peru's biggest export earner but has been affected for years by a debilitating spiral of over-taxation, short-term indebtedness, and decapitalisation. But prospects for sectoral refinancing and a long-awaited improvement in the exchange rate are encouraging investors to look again.

Later this month the stock exchange will handle its first important privatisation – that of Condestable, the state-owned copper mine. Banco de Comercio is likely to follow and Hierro Peru, the iron monopoly, could also be sold through the stock exchange.

Mr Jose Luque Otero, president of the board, says: "The government intends to privatise as much as possible via the stock exchange. It is the most transparent mechanism they can get."

Within two to three months, according to Mr Almenara, Lima will launch two new ventures – foreign exchange and index futures markets along the lines of those already well established in Chile. Under a recent agreement between the stocks and securities commissions of the two countries, Peru is benefiting from an interchange of information and training of personnel. By the end of the year the market will be accessible by computer from anywhere in the world.

For the management of the exchange the biggest current challenge is to create a "stock market mentality". In spite of the tight liquidity, local companies are still reluctant to launch public offers for shares or bonds and relinquish their traditional control. But with demand for shares outstripping supply, analysts believe it will not be long before old prejudices are laid to rest.

EUROPE

Paris recovers losses on strong start in New York

PARIS bucked a generally easier trend on the Continent, *writes Our Markets Staff.*

PARIS dipped below 19,000 before turning upwards as bargain-hunters had to raise their bids to attract any sellers. The CAC 40 index hit a low of 1,899.90, but a strong opening on Wall Street helped it to close up 36.16 or 1.9 per cent to 1,943.64, recouping more than half of Wednesday's 3.4 per cent loss. Turnover was high at FFr3.7bn.

Perrier was one of the day's most active stocks, as remaining shareholders sold out to Nestlé. The stock was steady at FFr1,700 with 184,575 shares traded.

Alcatel Alsthom added FFr22 to FFr617 as its 1991 results came in at the top of expectations and a stronger oil price pushed Elf up by FFr14.40 to FFr368.40. Continued pessimism pushed Euro Disney down by FFr3.80 or 2.7 per cent to FFr137.70. The theme park, which opens this weekend, has fallen 16.6 per cent from its all-time high of FFr165.20 and some analysts believe that the stock is oversold.

FRANKFURT remained quiet as investors stayed on the sidelines pending the outcome of the UK election. The overnight fall in Tokyo and the rejection by the German interior ministry of a 5.4 per cent pay rise for public sector employees had a limited impact. Talks between unions and employers are due to restart on Monday, with the unions threatening to strike if the settlement recommended by arbitrators is not accepted.

The DAX index fell to 1,710.29 before closing up 0.24 at 1,720.25. The FAZ index, calculated at midsession, closed down 3.41 at 698.65. Turnover fell to DM5.1bn from DM5.4bn.

The banking sector continued to lead the market following strong 1991 results this week and forecasts of positive earnings in 1992. Commerzbank was DM3.10 stronger at DM263.80 while Deutsche Bank advanced 70 pfg to DM711.20.

The pharmaceuticals group Gehe was one of the best performers of the day gaining DM35 or 2.7 per cent to DM937 after announcing that it was to raise its dividend by DM2.

MILAN fell to a new 1992 low as an early rebound faltered. However, dealers were cautiously optimistic that there was good support for the Comit around the 485 level, which they saw as the floor for the market until the formation of a new government. Position squaring was in evidence ahead of the options expiry on Monday and the close of the monthly account on Wednesday. The Comit index eased 0.51 to 496.23 in turnover estimated at L50bn after L74.2bn.

The banking sector fell 0.8 per cent, which Mr John Stewart of Pastorino attributed to the Bank of Italy's announcement of a rise in bad loans. Banca Nazionale dell'Agricoltura lost L140 or 2.8 per cent to L4,860. San Paolo rebounded after its recent weakness, adding L55 to L12,005. A block of 5m shares amounting to 0.8 per cent of the bank was passed through the market late on Tuesday at the issue price of L12,200. There were rumours that the shares changed hands between members of the bank's underwriting consortium rather than being sold to an outside buyer.

Sip fell back L9 to L1,435 in profit-taking after the previous day's news of a higher dividend. But the savings shares added L9 to L1,424.

AMSTERDAM showed some resistence to the falls in Tokyo and the US. The CBS Tendency index was off 0.6 at 123.4 in turnover of Fl 578.9m.

A lack of corporate news kept price movements to a minimum. Some profit-taking in Elsevier was noted and it closed down 70 cents at Fl 110.8. Other blue chips were quiet: Royal Dutch up 20 cents to Fl 146.20 and Unilever down 80 cents to Fl 180.60.

VRG declined Fl 1.10 to Fl 46.50 ahead of its results which came after the close. The paper wholesaler reported a provisional fall of between 25-30 per cent in first quarter 1992 net profit.

BRUSSELS recovered some of its earlier losses. The Bel-20 index fell 4.93 to 1,165.61.

Solvay, which proposed an unchanged dividend, gained BFr25 to BFr12,025 with 2,500 shares traded.

ZURICH rose in light trading. The SMI index gained 2.8 to 1,829.1. Banks were firmer with SBC bearers up SFr1 at SFr278 and UBS bearers SFr10 stronger at SFr3,740.

STOCKHOLM followed Tokyo and New York lower. The Affärsvärlden index closed down 8.2 at 961.0 in turnover of SKr431m.

FT-SE Eurotrack 100 - Apr 9

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1135.87	1134.89	1134.65	1136.84	1138.21	1140.28	1140.33	1140.98

Day's High 1141.18 Day's Low 1134.02

Apr 8	Apr 7	Apr 6	Apr 3	Apr 2
1143.45	1156.82	1155.59	1144.60	1149.08

Base value 1000 (26/10/90).

ASIA PACIFIC

Nikkei drops 3.4% on futures-linked selling

Tokyo

LATE futures-linked selling overwhelmed purchases by investment trusts and dealers, and the Nikkei average plunged 3.4 per cent, ending below 17,000 for the first time since November 1986, *writes Emiko Terazono in Tokyo.*

The 225-issue average fell 577.38 to close at the day's low of 16,598.15. The index set a high for the session of 17,585.51 in early trading on broad-based bargain hunting and index-linked buy programs.

Volume rose slightly from 320m to 350m shares. Declines led advances by 722 to 201, with 117 issues unchanged. The Topix index of all first section stocks lost 23.69 to 1,196.19, breaching the 1,200 mark for the first time since March 1986. In London trading, however, the ISE/Nikkei 50 index improved 15.19 to 977.77.

Sell orders linked to stock-index option contracts, exercised today, depressed the Nikkei just before the close. Foreigners were also seen selling heavily across the board. Traders said many overseas investors had lost confidence in the market.

However, most analysts see the current "pre-bubble" levels of Japanese stocks as a chance to buy. Mr Andrew Ballingal, strategist at Barclays de Zoete Wedd, said: "The market could fall another 20 to 30 per cent in the next few months, but on a 12 to 18-month view current levels are attractive."

Electricals, initially higher on foreign buying, gave way to afternoon selling. Toshiba shed Y12 to Y550 and NEC Y29 to Y941. However, Hitachi managed to hold positive territory, gaining Y1 at Y772. Teac, a "US recovery theme" favourite among short-term traders, put on Y20 to Y875.

Banks mainly continued to weaken. Mitsubishi Bank fell Y70 to Y1,300 and Fuji Bank slipped Y20 to Y1,140. Some dealers were seen covering short positions on Industrial Bank of Japan, which picked up Y30 to Y1,360.

Speculative issues were pushed sharply lower as investors who had bought on margin sold stock. Nippon Carbon, the most active issue of the day, plummeted Y100 to Y458 and Clarion Y100 to Y523.

Nippon Telegraph and Telephone declined Y5,000 to set an all-time low of Y590,000. Individual investors, trying to prevent further losses, were seen liquidating their holdings. Mr Masashi Kojima, company president, projected pre-tax profits for the year to March 1993 to fall below Y300bn due to cuts in long distance calls.

In Osaka, the OSE average dipped 199.79 to 18,345.55 in volume of 12.3m shares.

Roundup

TOKYO continued to depress the Pacific Rim yesterday. Bombay and Manila were closed.

KUALA LUMPUR was affected by news that Malaysia had recorded a trade deficit in January after showing surpluses in the previous two months. The composite index closed 9.92 or 1.7 per cent down at 563.69 in volume of 43.8m shares, up from 28.3m.

Talk that Malayan Banking, one of Malaysia's two leading banks, will raise its base lending rate also kept investors cautious. The bank later announced an increase in the rate from 8.5 to 8.9 per cent.

SINGAPORE failed to hold on to brief early gains as nervous investors resumed their selling. The Straits Times Industrial index finished 11.54 weaker at 1,352.83 and volume increased to 49.87m shares from 42.94m.

HONG KONG retreated sharply in the afternoon, the Hang Seng index registering a drop of 98.19 or 2.03 per cent at 4,729.39. Turnover rose from HK$2.13bn to HK$2.49bn.

SEOUL recovered slightly from the year's low after fluctuating in moderate trading. The composite index firmed 3.01 to 575.98 in turnover of Won256.6bn (Won247.5bn).

TAIWAN opened firmer, but nervous investors, worried that the rally would not last, sold before the close. The weighted index ended at 4,528.05, down 24.41, and turnover eased from T$17bn to T$14.87bn. Only textiles posted slight gains.

AUSTRALIA fell to a new seven-month low. The All Ordinaries index shadowed the Nikkei all day, falling below the 1,550 support level to close 9 points down at 1,545.3 in turnover of A$169.7m. The index bounced off a low of 1,544.2 as last-minute bargain hunters prevented further losses.

NEW ZEALAND recorded a six-month low on nervous selling. The NZSE-40 capital index receded 10.40 to 1,370.40, partly pulled down by an 11-cent decline in Fletcher Challenge to NZ$3.23.

SOUTH AFRICA

JOHANNESBURG was weaker as gains in the futures market failed to lift sentiment. Industrials fell 24 to 4,199 and the overall index declined 10 to 3,361. The gold index rose 7 to 1,038. Vaal Reefs closed up R1.50 to R183.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 8 1992								TUESDAY APRIL 7 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	141.31	−2.1	119.78	118.40	119.42	123.59	−1.8	4.46	144.38	122.39	121.61	121.98	125.90	153.68	141.31	136.32
Austria (19)	166.54	−2.2	141.17	139.54	140.74	140.68	−2.3	2.06	170.31	144.37	143.46	143.89	144.06	186.70	164.69	204.95
Belgium (46)	138.79	−1.0	117.65	116.28	117.29	114.32	−1.1	5.31	140.19	118.83	118.07	118.43	115.64	145.19	138.59	140.82
Canada (115)	125.75	−0.6	106.60	105.36	106.26	108.27	−0.6	3.39	126.53	107.25	106.57	106.89	108.89	142.12	125.75	137.58
Denmark (35)	229.78	−0.7	194.78	192.53	194.19	197.20	−0.6	1.88	231.34	196.10	194.86	195.44	198.38	273.94	226.81	243.91
Finland (15)	73.81	−2.4	62.56	61.84	62.37	69.03	−2.1	2.11	75.65	64.13	63.73	63.92	70.52	89.80	73.64	123.82
France (107)	154.02	−3.1	130.56	129.04	130.15	133.00	−3.0	3.41	158.88	134.68	133.81	134.21	137.13	159.16	148.06	140.44
Germany (65)	119.84	−1.4	101.59	100.43	101.28	101.28	−1.3	2.27	121.50	102.99	102.35	102.65	102.65	122.84	114.67	110.42
Hong Kong (55)	200.46	−2.0	169.94	167.97	169.43	199.04	−2.0	4.06	204.51	173.36	172.26	172.79	203.18	210.88	176.36	154.35
Ireland (16)	157.06	+0.0	133.14	131.60	132.73	135.27	+0.0	3.79	157.04	133.12	132.27	132.67	135.21	173.71	151.78	165.78
Italy (77)	70.34	−1.4	59.63	58.94	59.45	64.42	−1.3	3.60	71.33	60.47	60.08	60.26	65.29	80.86	68.92	81.29
Japan (473)	90.16	−4.4	76.42	75.54	76.20	75.54	−4.9	1.13	94.32	79.95	79.44	79.69	79.44	140.95	90.16	141.25
Malaysia (68)	230.33	−2.1	195.24	192.98	194.64	226.74	−2.7	2.76	235.38	199.53	198.25	198.85	232.98	250.18	212.49	231.79
Mexico (18)	1618.07	−2.2	1371.61	1355.74	1367.43	5410.85	−2.2	1.11	1653.84	1401.92	1393.02	1397.22	5530.45	1789.77	1376.91	816.85
Netherland (25)	152.57	−1.1	129.33	127.83	128.94	127.47	−1.1	4.36	154.34	130.83	130.00	130.39	128.84	158.48	147.88	139.49
New Zealand (14)	42.20	−0.9	35.77	35.36	35.66	41.28	−0.9	6.68	42.57	36.08	35.86	35.96	41.65	48.52	42.20	48.43
Norway (23)	169.28	−1.2	143.49	141.84	143.06	146.88	−1.2	1.74	171.32	145.23	144.31	144.74	148.65	192.95	161.26	193.55
Singapore (38)	195.05	−1.2	165.34	163.43	164.84	148.31	−1.4	2.21	197.44	167.37	166.30	166.80	150.40	228.43	195.05	193.73
South Africa (61)	223.89	−2.0	189.79	187.59	189.21	168.77	−2.0	2.98	228.54	193.73	192.49	193.07	172.27	263.60	203.16	203.66
Spain (50)	146.96	−1.3	124.58	123.14	124.20	115.01	−1.3	5.24	148.94	126.26	125.46	125.83	116.50	160.47	146.96	159.86
Sweden (25)	183.13	−2.0	155.23	153.44	154.76	160.02	−2.0	2.82	186.93	158.46	157.45	157.93	163.20	190.37	173.08	186.51
Switzerland (60)	98.76	−1.3	83.72	82.76	83.47	91.32	−1.3	2.34	100.07	84.83	84.29	84.55	92.53	104.22	95.99	95.96
United Kingdom (228)	167.01	−0.5	141.57	139.92	141.12	141.57	−0.5	5.27	167.79	142.23	141.31	141.74	142.23	186.29	165.85	180.36
USA (523)	160.92	−0.9	136.41	134.84	136.00	160.92	−0.9	3.06	162.39	137.65	136.78	137.20	162.39	171.86	160.92	151.39
Europe (791)	140.67	−1.2	119.24	117.86	118.88	119.78	−1.2	4.08	142.39	120.70	119.94	120.31	121.23	160.58	139.31	143.20
Nordic (98)	171.06	−1.4	145.00	143.33	144.56	143.00	−1.3	2.27	173.41	147.00	146.06	146.50	144.85	188.52	170.96	182.56
Pacific Basin (717)	95.87	−4.1	81.27	80.33	81.02	80.85	−4.5	1.55	99.92	84.70	84.17	84.42	84.65	141.97	95.87	141.07
Euro – Pacific (1508)	113.97	−2.7	96.61	95.48	96.31	96.88	−2.9	2.80	117.11	99.27	98.63	98.93	99.76	145.21	113.97	142.29
North America (638)	158.70	−0.9	134.53	132.99	134.14	157.34	−0.9	3.08	160.12	135.73	134.89	135.30	158.75	169.69	158.70	150.45
Europe Ex. UK (563)	123.97	−1.7	105.09	103.89	104.79	106.78	−1.7	3.27	126.14	106.92	106.26	106.59	108.60	129.79	121.81	120.84
Pacific Ex. Japan (244)	152.15	−2.0	128.97	127.50	128.59	135.38	−1.9	4.01	155.18	131.54	130.72	131.11	138.06	158.33	149.00	138.05
World Ex. US (1702)	116.58	−2.6	98.82	97.69	98.52	99.30	−2.8	2.80	119.67	101.45	100.81	101.11	102.15	146.91	116.58	143.19
World Ex. UK (1997)	127.21	−2.1	107.83	106.59	107.51	115.92	−2.2	2.62	129.89	110.10	109.41	109.75	118.52	150.58	127.21	141.36
World Ex. So. Af. (2164)	130.04	−1.9	110.23	108.97	109.91	117.87	−2.0	2.91	132.55	112.36	111.66	111.99	120.29	153.05	130.04	144.47
World Ex. Japan (1752)	153.20	−1.1	129.87	128.38	129.49	142.94	−1.1	3.46	154.89	131.30	130.48	130.88	144.51	161.90	153.20	148.12
The World Index (2225)	130.66	−1.9	110.75	109.48	110.42	116.33	−2.0	2.91	133.18	112.89	112.18	112.52	120.76	153.70	130.66	144.83

Latest prices were unavailable for this edition.